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CIN L24230TN1985PLC011637

15<sup>th</sup> July 2023

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Scrip Code - 543336	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Mumbai – 400 050 Scrip Symbol – CHEMPLASTS
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Dear Sir/Madam,

**Sub:** Annual Report 2022-23

Pursuant to Regulations 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report for the Financial Year 2022-23 which has been sent to the Members, who have registered their e-mail addresses with the Registrar and Share Transfer Agent / Depositories through electronic mode.

The Annual Report 2022-23 is also available on the Company's website [www.chemplastsanmar.com](http://www.chemplastsanmar.com)

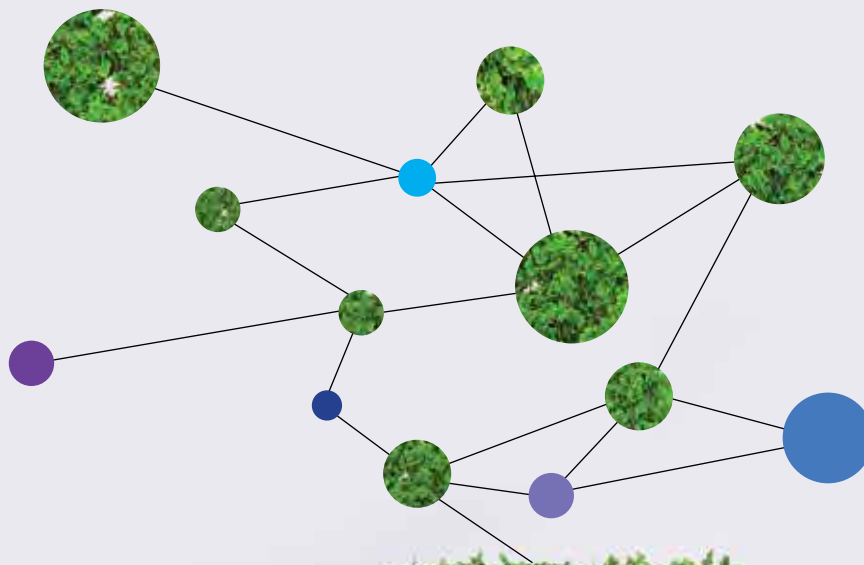
This is for your information and records.

Thanking You,

Yours faithfully,  
For CHEMPLAST SANMAR LIMITED

M RAMAN  
Company Secretary and Compliance Officer  
Memb No. ACS 6248

# Responsible Pursuit of a Sustainable Future



# What's Inside

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## Investor Information

Market Capitalisation as of March 31, 2023	: ₹ 5,486 Crores
CIN	: L24230TN1985PLC011637
BSE Code	: 543336
NSE Symbol	: CHEMPLASTS
AGM Date	: August 11, 2023
AGM Venue	: Video Conference, Registered Office: 9 Cathedral Road, Chennai - 600 086, Tamil Nadu

# Responsible Pursuit of a Sustainable Future

*In today's dynamic and evolving marketplace, Chemplast Sanmar Limited, a leading manufacturer of speciality chemicals in India, continues to demonstrate a firm commitment to sustainability, cementing its position as a frontrunner in the realm of responsible business practices. We strongly believe that the purpose of business reaches far beyond mere numbers, presenting an opportunity to make a tangible, positive impact on the community and the world at large. This focus is intricately woven into the very fabric of our chemical manufacturing operations, guiding every decision and action.*

As we embark on a journey of growth and script a new chapter, we proudly retain our position as a trusted leader in sustainability. For over 14 years, we have wholeheartedly embraced sustainable reporting practices, transparently showcasing our progress and accountability. We persistently strive to weave a greener and more sustainable future through our commitment to minimising our carbon footprint at every step.

Moving ahead, we embrace the responsibility of leading by example, showcasing that industrial success can coexist with environmental stewardship. Through our Responsible Pursuit of a Sustainable Future, we strive to set new benchmarks, inspire change, and contribute to a world where prosperity and sustainability go hand in hand.



₹ **3,128** Crores

Supply Chain -  
Total Purchases, 2022-23



**1,491**

Team Strength



₹ **147** Crores

Employee Remuneration,  
2022-23



**9**

Customers' Footprint  
Across Countries



₹ **8** Crores

CSR Spent,  
2022-23



₹ **4,941** Crores

Revenue from Sales,  
2022-23



For investor-related information,  
please visit:

<https://www.chemplastsanmar.com/quarterly-financial-results.php>

Or, Scan the QR code





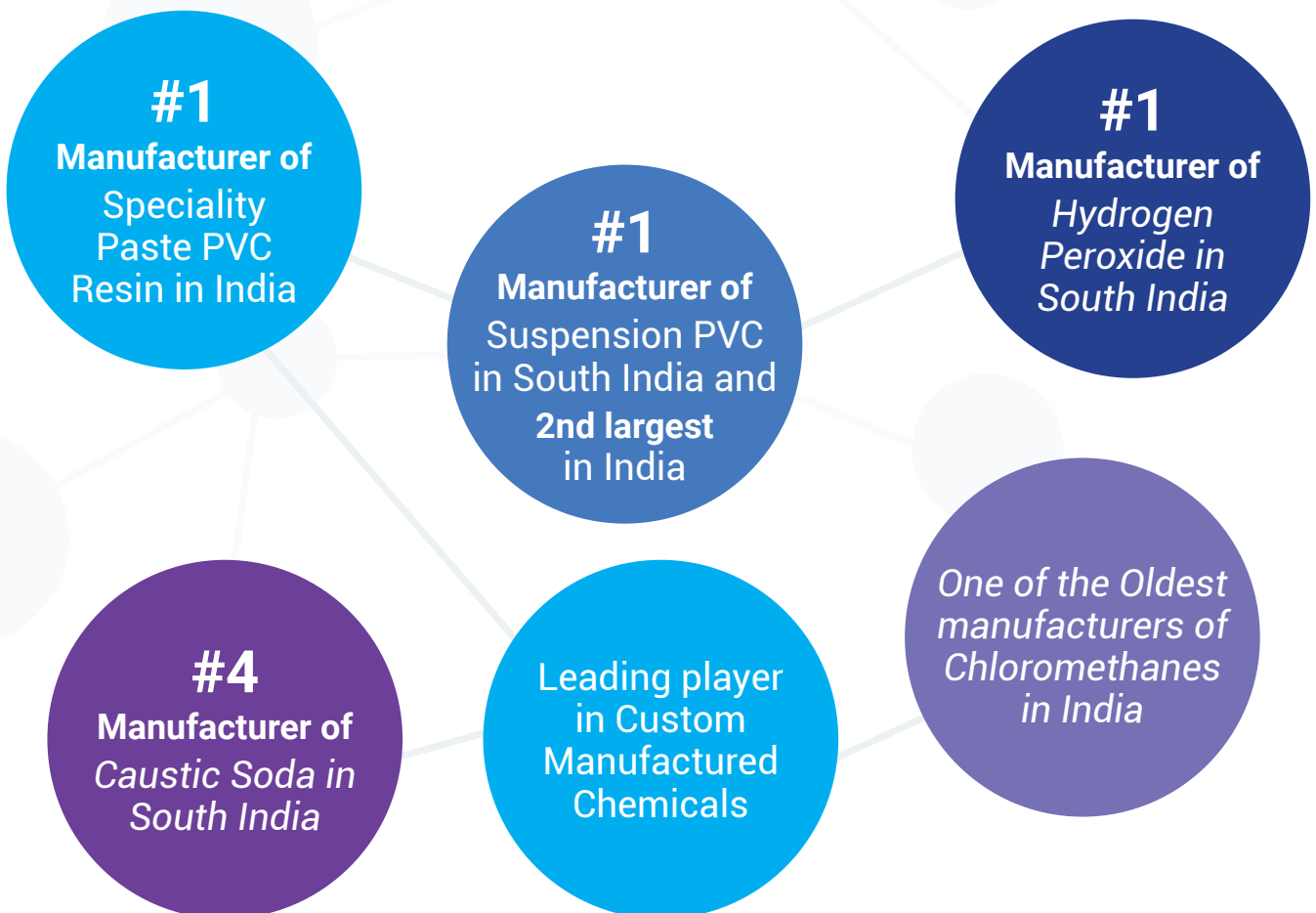
# Surging Ahead with Sustainable Endeavours

Chemplast Sanmar Limited (hereon referred to as 'Chemplast Sanmar' or 'Chemplast' or 'the Company') is a part of The Sanmar Group in South India. Backed by Fairfax India Holdings Corporation, Chemplast is a major manufacturer of speciality chemicals, including **Speciality Paste PVC resin** and **Custom Manufactured** chemicals that cater to various industries. It also produces **Caustic Soda, Chloromethanes, Hydrogen Peroxide, Refrigerant Gas, and Industrial Salt**. Embracing a commitment to sustainability, Chemplast is

consistently working towards integrating sustainable practices to ensure a more environment-friendly and responsible future.

With integrated manufacturing facilities in Tamil Nadu and the Union Territory of Puducherry, the Company is known for its closed manufacturing loop, eco-friendly practices and pioneering role in the field of speciality chemicals.

Furthermore, Chemplast Cuddalore Vinyls Limited (hereon referred to as 'CCVL'), a wholly-owned subsidiary of Chemplast, is the second-largest producer of Suspension PVC resin in India and the largest in South India.





## Vision

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



## Guiding Principles

**Shareholders:** Increase shareholder value by focussing on optimal usage of resources.

**Customers:** Professional excellence to meet or exceed customer expectations.

**Employees:** Enhance skills, provide opportunities for growth and a safe work environment.

**Society:** Be a good corporate citizen and a responsible member of the community.

**Work Ethics:** Ensure intellectual honesty in every aspect of work and monitor ethical status of the Company continuously.



## Certifications

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



## Sanmar Standards

- Enhance Stakeholder Value
- Follow Fair Business Practices
- Foster Sanmar Culture



## Credibility

- In recognition of the Company's strong financial position, CRISIL Ratings re-affirmed its long-term rating for the Company's banking facilities at 'CRISIL AA-/Stable', while maintaining the short-term rating at 'CRISIL A1+' which is the highest rating for short-term debt
- Of the 19 entries from across the globe, Chemplast was one of the two winners of the '*Sustainability Award for Carbon Reduction*' presented by Syngenta, a global innovator and a key customer of the Custom Manufactured Chemicals Division (CMCD)

# Delivering Excellence through Market Leadership

## Speciality Chemicals

 Capacity  
**66,000** mtpa

### Speciality Paste PVC Resin

- Chemplast is the largest Speciality Paste PVC resin manufacturer with ~75% domestic production capacity and ~40% market share
- Additional 41 ktpa capacity is being added to further strengthen its leadership position – Post expansion, Chemplast is expected to have ~83% of domestic production capacity and ~66% market share
- Chemplast *is one of only two companies in India* manufacturing Speciality Paste PVC resin

### End Uses




-  Footwear
-  Auto & Furniture Upholstery
-  Artificial Leather Products
-  Mats

## Custom Manufactured Chemicals Division (CMCD)

 Capacity  
**1,068** mtpa

- Chemplast custom manufactures starting materials, advanced intermediates and active ingredients for global innovator companies in the agrochemical, pharmaceutical and fine chemical industries
- In addition to the diverse range of offerings, the Company provides comprehensive services throughout the value chain which include process research, process development, scale-up, analytical studies, plant engineering, and commercial-scale manufacturing
- A multi-purpose block is being set up in two phases. Post commissioning, Chemplast will be able to capitalise on the diverse opportunities in this segment

### End Uses

-  Pharma
-  Agrochemicals
-  Fine Chemicals

## CCVL




 Capacity  
**331,000** mtpa

- 100% subsidiary
- Largest manufacturer of Suspension PVC in South India
- Second-largest manufacturer of Suspension PVC in India

### Key growth drivers

- **Significant gap between demand and supply:** Despite new capacity addition announcements, India will continue to be a huge deficit market
- **Import substitution opportunity:** ~60% of Indian demand served through imports
- **Growing demand in end-user industry** driven by low per capita consumption
- Asset-light model and sufficient infrastructure for future expansions
- Shore-based facility for seamless and safe import of feedstock

### End Uses

-  Irrigation
-  Urban Infra
-  Real Estate

## Other Chemicals

### Caustic Soda

Based on the manufacturing capacity, Chemplast Sanmar was the fourth-largest producer of Caustic Soda in South India as of March 31, 2023. Caustic Soda, produced as a joint product along with chlorine, is a versatile industrial chemical with diverse applications.



Capacity

# 119,000

 mtpa


End Uses



Paper



Textiles



Alumina

Organic and  
Inorganic  
Chemicals

### Hydrogen Peroxide

The Company is the largest manufacturer of Hydrogen Peroxide in South India.



Capacity

# 34,000

 mtpa


End Uses



Paper



Textiles



Disinfectants

Effluent  
Treatment at  
Refineries

### Chloromethanes

The Company is one of the earliest manufacturers of Chloromethanes in India. Chloromethanes refers to a group of organic compounds comprising Methyl Chloride, Methylene Dichloride (MDC), Chloroform, and Carbon Tetra Chloride (CTC).



Capacity

# 35,000

 mtpa


End Uses



Pharma



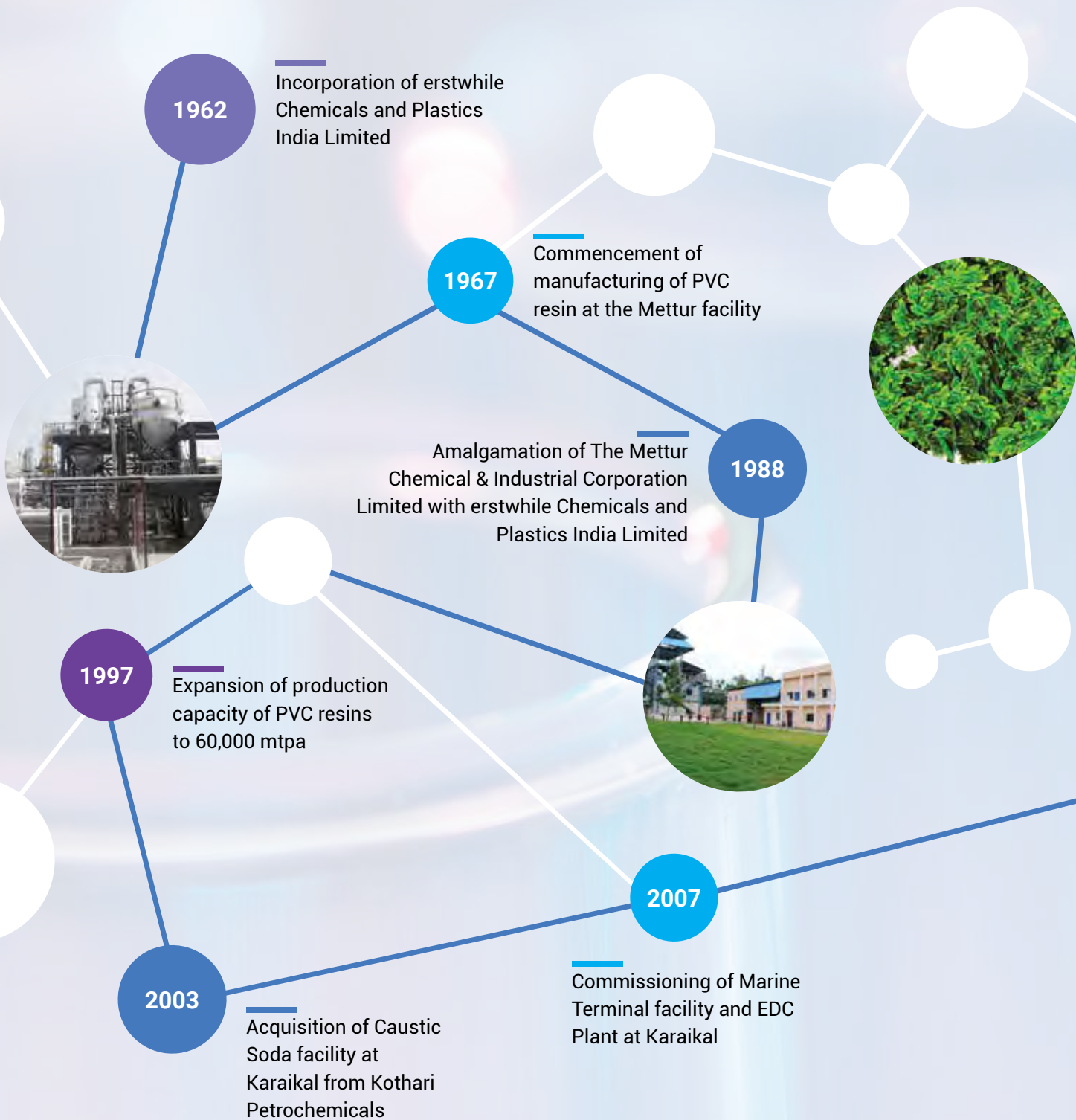
Agrochemicals

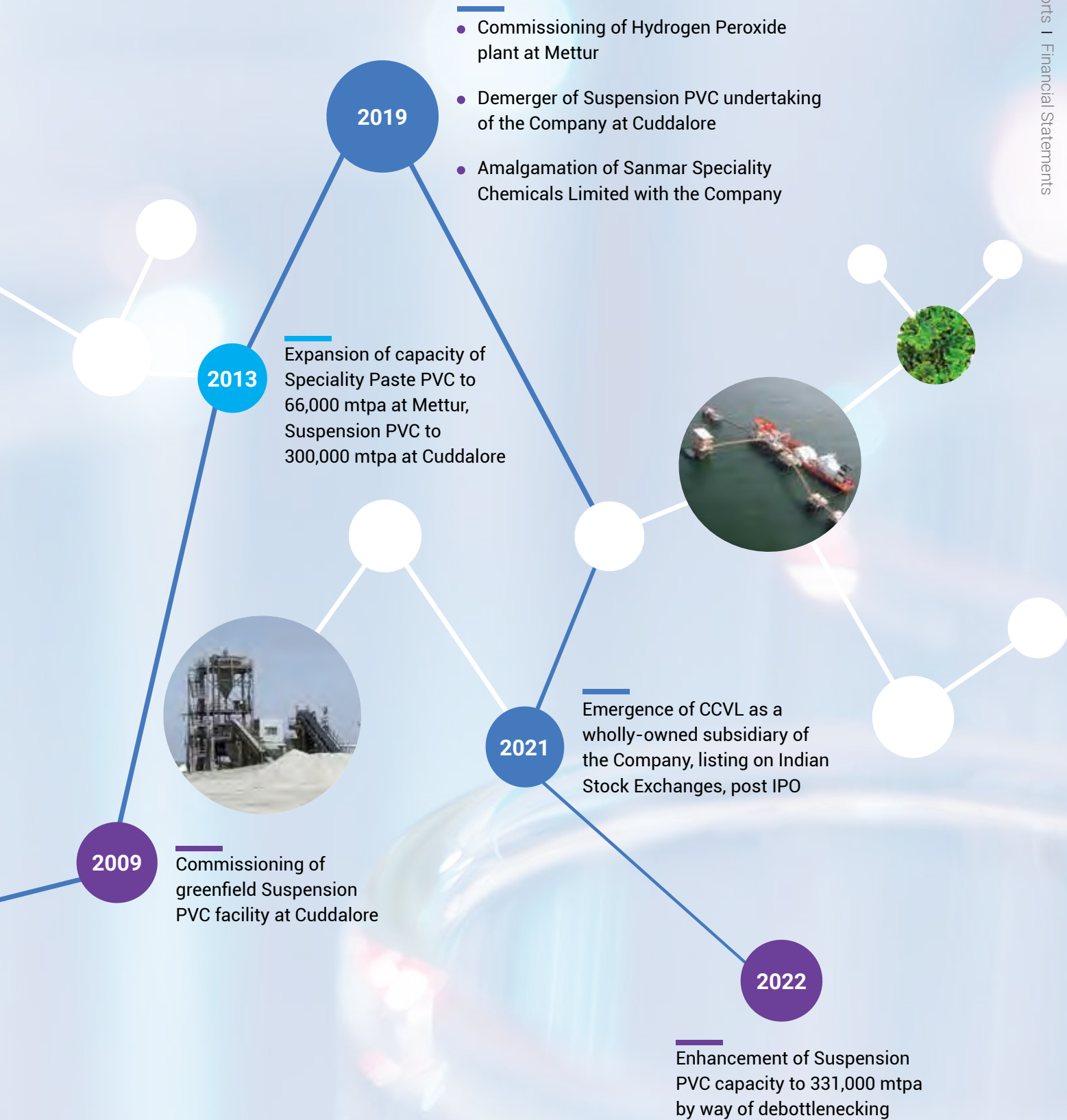


Refrigerants (HFOs)



# Journey of Success





# Shaping a Sustainable Future with Robust Capacity

## Mettur, Tamil Nadu

Total annual installed capacity as on March 31, 2023



- Speciality Paste PVC resin: 66 ktpa
- Caustic Soda (119 ktpa combined capacity of Mettur & Karaikal)
- Chloromethanes: 35 ktpa
- Hydrogen Peroxide: 34 ktpa
- Refrigerant Gas: 1.7 ktpa

- The site consists of four plants with high degree of integration
- Zero Liquid Discharge facility
- Sourcing of power from a 48.5 MW captive power plant
- Access to salt (a key raw material) from captive salt pans at Vedaranyam

## Karaikal, Puducherry

Total annual installed capacity as on March 31, 2023

- Caustic Soda (119 ktpa combined capacity of Mettur & Karaikal)
- EDC: 84 ktpa (captive purpose)

- Zero Liquid Discharge facility and desalination plant
- Captive terminal with a 1.3 km long trestle platform for import of feedstock and sale of product
- Two captive power plants of 8.5 MW and 3.5 MW
- Double-walled insulated cryogenic ethylene storage tank with 4 kt capacity
- Access to salt (a key raw material) from captive salt pans at Vedaranyam



\*ktpa stands for kilo tonnes per annum



## Berigai, Tamil Nadu

Total annual installed capacity as on March 31, 2023



- Custom Manufactured Chemicals Division (CMCD): 1,068 mtpa
- Fully equipped multi-purpose facility
- Fully automated with distributed control systems and modern technologies
- World-class research and development capability for laboratory and pilot scale development of chemistries (Cyanation, Hydrogenation and Liquid Purification, among others.)
- Pilot plant facility with GLR, SSR, Hastelloy reactors & Hydrogenators

## Cuddalore, Tamil Nadu

Total annual installed capacity as on March 31, 2023

- Suspension PVC: 331 ktpa
- Zero Liquid Discharge facility
- Desalination plant
- Captive Marine Terminal facility for import of feedstock
- Two refrigerated Vinyl Chloride Monomer (VCM) storage tanks with a capacity of 7,500 mt each
- 31 ktpa added in May, 2022, via debottlenecking



## Vedaranyam, Tamil Nadu

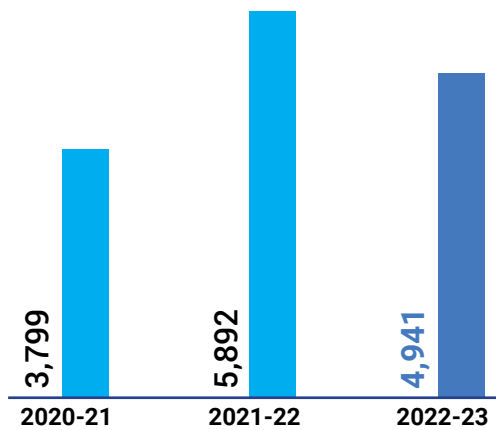
Total annual installed capacity as on March 31, 2023



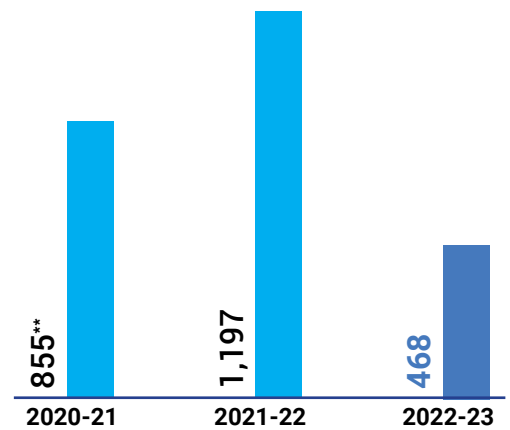
- Industrial Salt: 400 ktpa
- Washing facility minimises calcium and magnesium content in industrial salt
- Effective brine treatment reduces sludge, enhancing operational efficiency
- Plant promotes sustainable practices by minimising waste and optimising resource usage
- Collaborating with BNHS, the plant supports bird conservation and ecological awareness
- BNHS-Sanmar Centre draws bird watchers, boosting tourism and benefitting the local economy

# Creating Value for a Sustainable Future

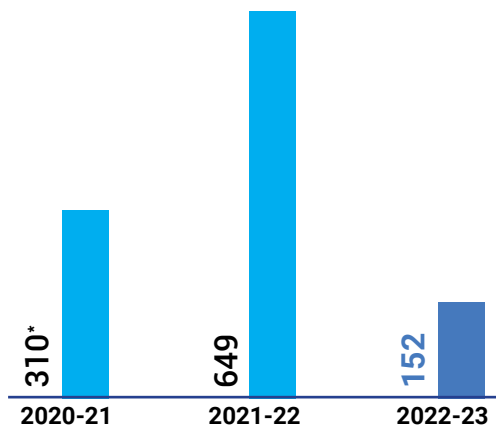
Revenue (₹ Crores)



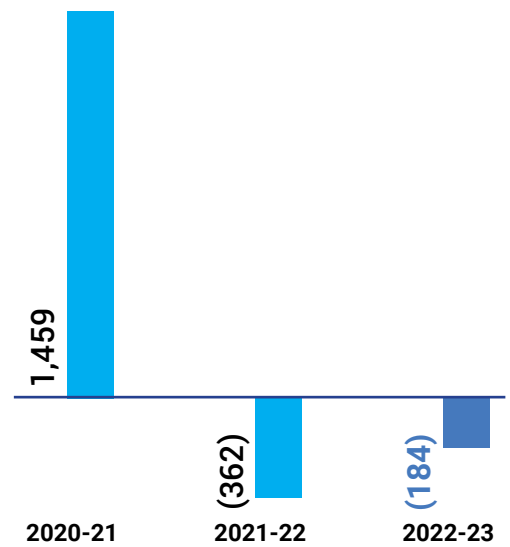
EBITDA (₹ Crores)



PAT (₹ Crores)



Net Debt (₹ Crores)



All computations are on consolidated basis; historical numbers are re-stated post CCVL acquisition in FY 2020-21

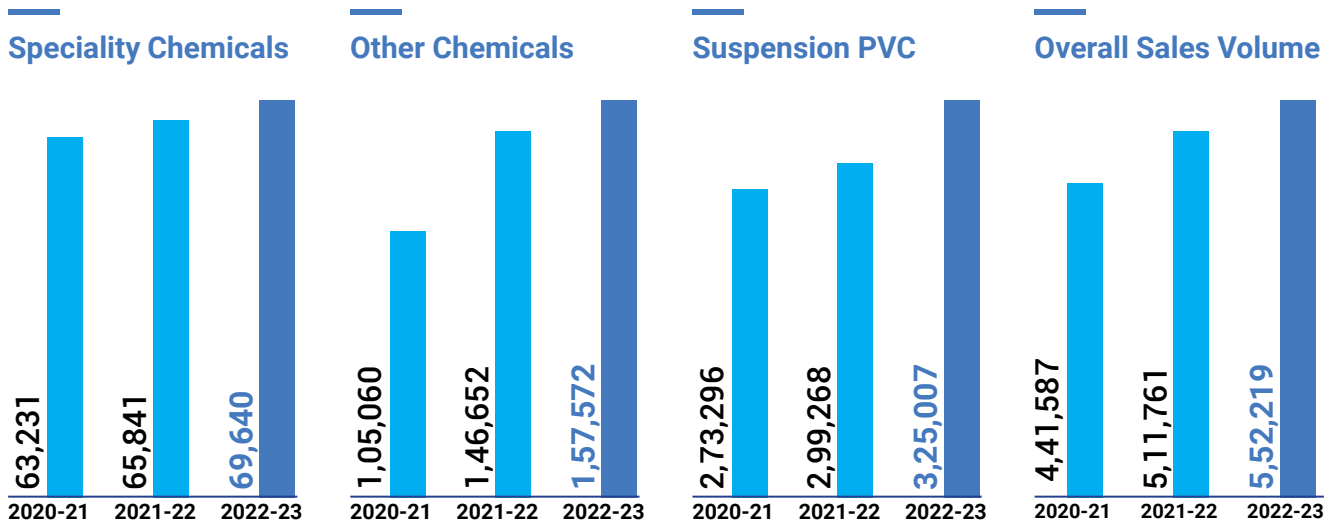
\*Excludes post tax impact of gains/(loss) from JV & Associates: ₹100 Crores gain in FY 2020-21; these investments have been delinked in FY 2020-21.

\*\*Excludes positive impact on account of inventory write down of ₹107 Crores made in FY 2019-20

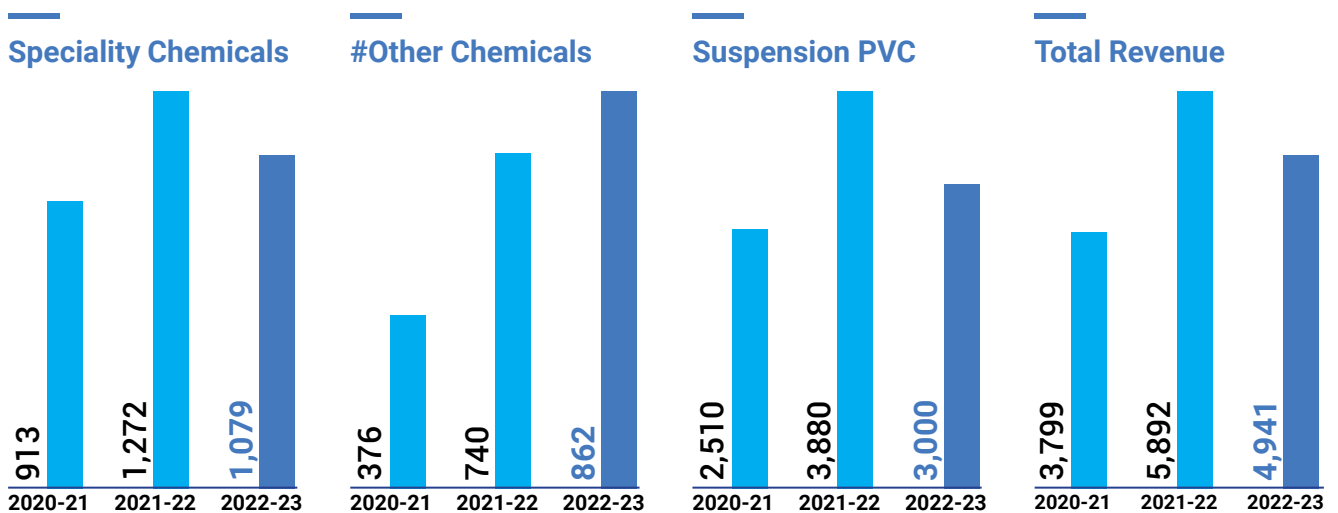


## Product Group-Wise Performance

### Sales Volume (mtpa)



### Revenue (₹ Crores)



'mt' stands for metric tonnes

# Includes Caustic Soda, Chloromethanes, Refrigerant Gas and Hydrogen Peroxide

# Chairman's Communique



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"I am extremely convinced of our business prospects – the Custom Manufacturing and Speciality PVC businesses are poised for unparalleled growth. To capitalise on the opportunities, we have visibly communicated our plans to double down our investments in these segments. As we continue our journey towards a resilient future, we strongly believe that these investments will further augment our market leadership and solidify our position as a trusted partner for global innovators in the agrochemicals, fine chemicals and pharmaceutical industries."

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# Dear Shareholders,

I am delighted to present our Annual Report for 2022-23, which encapsulates a year marked by resilience and sustained dedication to our valued stakeholders.

In contrast to the previous year, 2022-23 was marked by a number of challenges, mainly attributed to external factors beyond the Company's control. However, it is our strong foundation built over five decades that enabled us to confront the challenges and successfully manoeuvre our way forward.

Our focussed strategy, impeccable execution record, prudent financial management, longstanding relationships, uncompromising ethical standards, culture of performance excellence and commitment to sustainability, anchor the way we do our business.

I am extremely convinced of our business prospects – the Custom Manufacturing and Speciality PVC businesses are poised for unparalleled growth. To capitalise on the opportunities, we have visibly communicated our plans to double down our investments in these segments. As we continue our journey towards a resilient future, we strongly believe that these investments will further augment our market leadership and solidify our position as a trusted partner for global innovators in the agrochemicals, fine chemicals and pharmaceutical industries. Additionally, we are studying opportunities to further look at growth prospects in allied areas of our businesses.

Chemplast has demonstrated a longstanding commitment to pursuing a sustainable future responsibly. Throughout our journey, our commitment to sustainability has become synonymous with our brand. We have consistently advocated eco-conscious strategies, signifying the importance of energy

and water conservation and actively embracing environment-friendly technologies. This, along with our proven track record, distinguishes us as the preferred choice of our customers who prioritise environment consciousness. This partnership approach along with meaningful stakeholder engagement, has paved the way for a robust trajectory towards a more vibrant and environmentally conscious future.

With a loyal customer base and a favourable market landscape, we possess the confidence to propel growth while upholding our sustainability commitment. Moving forward, we will continually strive for improvement, innovation, technology investment, collaboration and embrace emerging trends to maintain our competitive edge. By embedding sustainability into our operations, we will make every effort to minimise environmental impact, promote ethical practices, and create long-term value.

To conclude, I would like to acknowledge the dedicated efforts of all our employees, who have been instrumental in driving the ongoing success of our organisation.

I extend my sincere gratitude to our valued investors for placing their trust in our Company. It is their firm support that fuels our drive to meet and exceed the expectations of all our stakeholders.

Collectively, we stand ready to chart a course of sustainable growth, guided by our core principles and shared vision. With the dedication and collaborative efforts of our entire team, we continue to thrive and create a positive impact within the industry and on the larger ecosystem.

Warm regards,

**Vijay Sankar**  
Chairman

# Managing Director's Perspective

## Dear Shareholders,

As we approach the end of another year, I extend my heartfelt gratitude to all our stakeholders for their unwavering support. At Chemplast, our commitment to delivering value extends beyond financial gains. We prioritise the well-being of our shareholders, clients, employees, suppliers, and the wider society. Sustainability is deeply embedded in our DNA and we are dedicated to responsible sourcing, optimising resource utilisation, and reducing carbon emissions.

As we embark on a new chapter of growth, we pledge to uphold these core principles and ensure sustainability remains at the forefront of our business strategies. Together, let us shape a brighter and greener future.

## Industry Dynamics

Our business faced headwinds during the year due to myriad one-off factors including the slowdown of the Chinese economy on account of the strict Zero-Covid-19 policies, geopolitical tensions, global slowdown, run-up in energy costs, inflation and increasing interest rates across the globe. For most part of the year, there was excessive dumping of PVC resin from China into the global market, especially India, which led to significant pricing pressures.

On the bright side, the demand for both Speciality Paste PVC and Suspension PVC resins witnessed a strong growth momentum during the year. Speciality Paste PVC demand in India grew by around 17% to 163,000 tonnes and the demand for Suspension PVC grew by around 30% to 3.7 Million tonnes, more than the pre-pandemic levels.

The Other Chemicals (Caustic Soda, Chloromethanes, Hydrogen Peroxide, Refrigerant gas) business segment was largely affected due to the commissioning of new capacities in India. Our Custom Manufacturing business has been a silver lining amidst the sluggishness witnessed by the other businesses. This division registered a strong 26% growth in revenues during the year.

On the medium to long-term outlook, the demand for all our products looks very strong and the energy costs have started dropping. While there are immediate challenges, we are optimistic about the overall business scenario and our capital investments will boost our margins and competitive position even further.

## Key Achievements



- Completed the 31 ktpa debottlenecking of the Suspension PVC capacity at Cuddalore before time



- Expedited the Custom Manufacturing capacity expansion based on good traction with our customers and a strong pipeline of products



- Two additional plants received the prestigious 5-star rating from British Safety Council; with this, all our plants at Mettur and Cuddalore have the 5-star rating



- Chemplast was one of the two winners of the 'Sustainability Award for Carbon Reduction' presented by Syngenta, a global innovator and a key customer of the Custom Manufactured Chemicals Division (CMCD)



**“As we embark on a new chapter of growth, we pledge to uphold these core principles and ensure sustainability remains at the forefront of our business strategies. Together, let us shape a brighter, greener future.”**

## Expanding Our Capabilities

As we forge ahead, propelled by the robust growth momentum, we are investing over ₹ 1,000 Crores towards expanding our capacities in the Speciality Paste PVC and Custom Manufactured Chemicals Division (CMCD). These expansion projects are currently in progress and anticipated to be successfully commissioned during 2023-24. The 41 ktpa Speciality Paste PVC project is on track to be commissioned in the second half of 2023-24. While Phase 1 of the CMCD facility is scheduled to commence operations in the first half of 2023-24, the next phase is expected to be operationalised by the end of 2023-24.





## The Chemplast Edge



### Technology

Chemplast is the oldest and one of only two companies in India having the Speciality Paste PVC manufacturing technology



### Existing Infrastructure

Chemplast owns sufficient vacant industrial land and other infrastructure for future expansions



### Longstanding Partnerships

Chemplast has developed longstanding relationships with feedstock suppliers, vendors and customers, fostering trust and reliability for mutual growth



### Exemplary Compliance Standards

Chemplast has set very high standards of Environmental, Health and Safety compliance. We follow an extended customer validation and approval process, promote ongoing process innovation/optimisation, and maintain stringent quality standards



### Proficiency in Complex Chemistry

Chemplast is well-renowned in the industry for its chemistry capabilities and proficiency in handling complex chemicals



### Expertise in Handling Diverse Feedstock

Chemplast ecosystem possesses significant expertise in processing and handling diverse and complex feedstock

## Beyond Business

At Chemplast Sanmar, we recognise that our influence extends beyond financial achievements. As a chemical company reliant on carbon-based resources, we are committed to proactively mitigating our carbon footprint. Through the implementation of Zero Liquid Discharge systems and desalination units, we are proud to set new benchmarks in water conservation. We voluntarily opted to get our operations inspected under some of the most stringent global certifications related to safety and workplace hygiene – our plants are certified by British Safety Council in addition to Eco Vadis and Responsible Care certifications. We are the pioneers in publishing

**“At Chemplast Sanmar, we recognise that our influence extends beyond financial achievements. As a chemical company reliant on carbon-based resources, we are committed to proactively mitigating our carbon footprint. Through the implementation of Zero Liquid Discharge systems and desalination units, we are proud to set new benchmarks in water conservation.”**

Annual Sustainability reports for 14 years and these are assured by a Big Four firm in accordance with international GRI standards. We are committed to attracting and retaining the best talent which is critical to growing any business. We endeavour to provide a platform for building successful careers by imparting relevant training and providing the right opportunity and exposure at workplace. We actively support the communities around us through education, healthcare, and empowerment initiatives, fostering self-sustainability. With reputed Independent Directors and strong governance mechanisms, we prioritise transparency and accountability.

As we enter a new phase of growth, we are determined to uphold our core principles and continue integrating sustainability into every aspect of our business.

## Future Strategic Priorities

We firmly believe that the convergence of profitability and sustainability constitutes the foundation of our success. As a forward-thinking organisation, we will continue to significantly expand in the Custom Manufacturing business – we plan to further expand into fine chemicals and pharmaceuticals sectors, broaden our portfolio

and access new markets and customers.

We will also invest opportunistically to retain our leadership position in the Chlorovinyl space. Leveraging our loyal customer base and identifying market gaps, we are well-positioned to effectively utilise our production capacities.

## Closing Note

As we navigate the challenges, my optimism in all our business segments persists and I am confident of our journey ahead. I am immensely grateful for the constant support we have received from our Board members, dedicated team, and valued stakeholders. Moving forward, we will uphold our pioneering spirit, embrace change and seize the most promising opportunities that lie ahead.

With best wishes,

**Ramkumar Shankar**  
Managing Director

# From the Desk of the Chief Financial Officer

## Dear Stakeholders,

As we reflect on the past year, I want to express my deepest gratitude to all our valued stakeholders. Navigating dynamic market conditions, we have emerged stronger as a leading player in the chemical industry. Our firm commitment to operational excellence and astute financial management lays a solid foundation for a prosperous and promising future.

### Financial Overview

Reflecting upon our journey, I would like to highlight our resilience in the face of numerous challenges faced in 2022-23. We encountered a challenging environment caused by the run-up in energy prices due to the Russia-Ukraine war, the severe impact on Chinese demand due to their Zero-Covid-19 policy and the consequent dumping into India and rising interest rates across the globe. Despite these, we closed the year with a reasonable performance; a top-line of ₹ 4,941 Crores and 9.5% EBITDA margin. Although our overall revenues for the year were 16% lower compared to the previous year, we witnessed increased sales volumes for almost all the products.

Our Profit After Tax (PAT) stood at ₹ 152 Crores. The decline can be attributed to a sharp correction in prices of Speciality Paste PVC resin and Suspension PVC, mainly due to a surge in imports from China. This, coupled with a steep increase in energy costs, has contributed to the reduction in margins. On a positive note, the Custom Manufactured Chemicals Division (CMCD) achieved a significant YoY revenue growth of 26% in 2022-23. This outstanding performance demonstrates our ability to effectively meet the evolving needs of our customers and capitalise on market opportunities. Overall, Chemplast's balance sheet remains healthy and the Company maintains a net cash positive position.

### Strengthening Our Foundation

Chemplast possesses a significant competitive advantage stemming from multiple initiatives taken to strengthen our business. These include investments in world-class facilities at strategic locations, focus on speciality products, backward integration of our operations to secure access to resources, developing and strengthening relationships with all stakeholders (customers, suppliers, employees, lenders and the society at large) and our commitment to the highest Environment, Health and Safety standards. Additionally, our thriving ecosystem, including a diverse talent pool and strong research-based chemical capabilities, further support our business growth. These have been the underpinnings of the resilient performance of the Company in 2022-23. Going forward, in addition to leveraging these, we will also strive to explore other options including transitioning to renewable power to further bolster the Company's competitive advantage resulting in consistent strong performance.

### Projected Capital Allocation

Our capital expenditure strategy is currently laser-focussed on the CMCD business, given the substantial growth prospects. Our investments in this area are carefully directed to generate increased revenues, improve return on investment (ROI) and boost overall profitability.

In addition to the announced projects, the Company intends to grow the speciality chemicals business further by enhancing existing capacities and diversifying into synergistic areas by capitalising on our capabilities and longstanding customer relationships.

The Company is also evaluating growth opportunities in allied product groups and will commit investments if the thresholds for revenue growth potential, margins and ROI are met.

With a healthy balance sheet, the Company believes it is well positioned to capitalise on multiple growth opportunities, specifically in the speciality chemicals business.

The Company believes the Suspension PVC chain is another potential area for growth. However, the capital allocation will depend on securing stable feedstock supplies. The reliable and consistent availability of raw materials is crucial to our operational success. This strategic approach is essential to safeguard uninterrupted production and serve as a solid foundation for our growth plans.

The Company has already committed over ₹ 1000 Crores of project capital expenditure for setting up a multi-purpose facility at our CMCD business and also enhancing the Speciality Paste PVC capacity by 62%.

## Credit Rating

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

The Company's focus is on retaining a strong credit rating thereby enhancing its capacity to mobilise resources at low cost and maintain its financial reputation.

## Outlook

The external factors beyond our control continue to have an adverse impact on the PVC industry. This is expected to put pressure on PVC prices and margins in the first half of 2023-24. However, the medium to long-term prognosis of PVC demand still remains positive in India and is expected to provide a huge opportunity as demand continues to outpace supply.

Our strategic investments in CMCD have laid a solid foundation for sustained growth and positioned us for success in the coming years.

With the expansion of our Speciality Paste PVC facility in Cuddalore and the ongoing development of multi-purpose block in Berigai, we strive to maintain our leading position in the



₹ **296** Crores

**Project Capex Spent  
in 2022-23**



₹ **744** Crores

**Estimated Project Capex  
for 2023-24**

industry. These strategic investments serve as testimonials to our commitment to stay focussed on innovation, enabling us to seize opportunities that come our way.

## Closing Note

With a solid financial foundation, a focus on future development and sustainable practices, we are confident in our ability to deliver long-term value and remain at the forefront of the chemical industry.

Regards,

**N. Muralidharan**  
Chief Financial Officer



# Unlocking Possibilities to Harness Growth

The Company has a clear and focussed strategy to invest resources in high growth business segments.

In the past year, CCVL (wholly-owned subsidiary of Chemplast) achieved a key milestone by successfully completing the debottlenecking of the Suspension PVC facility, enhancing the capacity by 31 ktpa. This was done with a minimal capex of ₹ 23 Crores.

The ongoing expansions in Speciality Paste PVC and Custom Manufactured Chemical Division (CMCD) will enable Chemplast to cement its leadership position in the industry and capitalise on the huge market opportunities.

## Speciality Paste PVC

~ ₹ 360 Crores  
Capex Outlay

163 ktpa  
Addressable Market Size\*



- 41 ktpa capacity being added
- Target commissioning: Second half of 2023-24
- Brownfield project being implemented at Cuddalore – this will leverage on CCVL's existing Marine Terminal and other infrastructure
- Necessary approvals are in place and construction is on schedule
- One-step process will result in lower capital expenditure, higher ROI and faster time-to-market

## The market potential

### Key growth drivers

- India is heavily import-dependent - import substitution opportunity
- Enough headroom to grow – no capacity expansions have been announced – technology is a barrier
- Customer stickiness
- Growing demand in end-user industry driven by increase in per capita consumption

Note - \*Management Estimates



## Custom Manufacturing



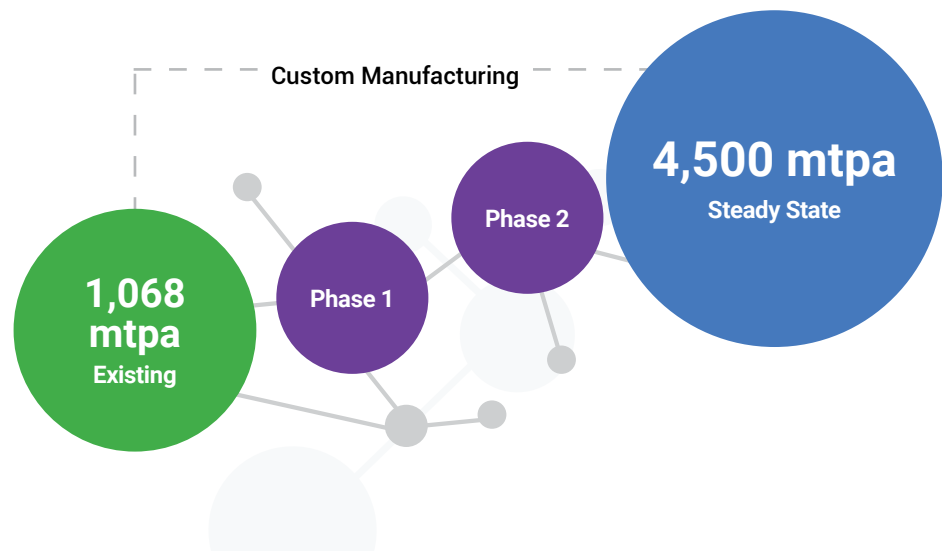
~ ₹ **680** Crores

Capex Outlay



USD **2** Billion

Addressable Market Size\*



- Multi-purpose block being set up in two phases
- Target commissioning: Phase 1 – First half of 2023-24; Phase 2 – End of 2023-24
- Facility being enhanced at Berigai – will leverage on the existing infrastructure available at the location
- Letters of Intent (LOIs) signed for two molecules and a strong pipeline of other products provides visibility on capacity utilisation

### The market potential

#### Key growth drivers

- India is set to outpace global Agro-CMC market for Active Ingredients and Advanced Intermediates
- Increasing European Union regulatory constraints
- China + 1 strategy - India to be a focus region as companies move away from China
- Higher penetration of API manufacturing in India

Note - \*Management Estimates

# Protecting the Environment with Sustainable Actions

Chemplast consistently enhances its manufacturing processes with continuous technical innovation to improve efficiency and surpass environmental standards. The Company's commitment to environmental preservation is evident through its notable advancements in responsible manufacturing. Furthermore, Chemplast has allocated substantial investments to adopt environmental best practices, firmly establishing it as a leader in environmental protection.



## Carbon Reduction and Energy Saving Initiatives

The Company has adopted various energy conserving mechanisms like using hydrogen as a fossil fuel alternative, implementing waste heat recovery and steam saving system. Of the many other initiatives, the Company also installed variable frequency drives, energy-efficient motors and new PVC centrifuges apart from incinerating Hydrofluorocarbons.



**2,97,016**  
tonnes of CO<sup>2</sup> Equivalent  
Avoided Emissions



**7,469** GJ  
Green Energy Sourced



## Water Consciousness

Chemplast follows a stringent water usage policy which includes Zero Liquid Discharge and non-reliance on ground water for its requirements. This, coupled with the investment in desalination plants at its coastal facilities, ensures that the ground water reserves are not depleted and adequate resources are available for the neighbouring communities. Additionally, the Company also recycles 100% of the effluents generated in the manufacturing operations.



## Responsible Waste Management

The Company follows the 4R (Reduce, Reuse, Recycle, and Recover) philosophy for waste management.



**2,105** mt  
Hazardous Waste  
Recovered and Recycled



Chemplast became the first chemical manufacturer to achieve 100% Zero Liquid Discharge (ZLD) in all its plants in September 2009, setting a benchmark for sustainable wastewater management.



₹ 20 Crores

Annual Recurring Expenditure  
on Complete Recycling and  
Reuse of Liquid Trade Effluents



# Nurturing Talent to Foster Growth

Chemplast places a strong emphasis on fostering a diverse and inclusive workplace, where equal opportunities are provided to employees irrespective of gender, identity, age, nationality, ethnicity, colour, religion, sexual orientation, disability, faith, or marital status. The Company firmly believes that diversity brings forth unique perspectives that drive innovation and cultivate a creative work environment. With a workforce comprising both regular and contractual employees, Chemplast focusses on sustainable value creation, while nurturing talent to advance individual and organisational growth.



**1,491**

Team as on March 31, 2023

## Employee Growth at Chemplast

Chemplast is deeply committed to cultivating a work environment that promotes growth and aspirations of its employees. To support this commitment, the Company implements a range of regular engagement initiatives that include training programmes, mentorship, performance reviews, and surveys. These initiatives play a crucial role in addressing employee concerns, ensuring compliance with statutory requirements, and promoting a healthy work atmosphere. Additionally, Chemplast introduces innovative welfare schemes that enhance the overall effectiveness and well-being of its workforce.

Regular training and development programmes equip employees with new skills and enhance their competency levels. Covering various focal topics such as emergency handling, workplace safety and environment, these programmes are accessible to both permanent and contractual employees.



**799**

Training Man-days

## Safety at Chemplast Sanmar

Robust protocols, ISO certifications, audits, and risk management programmes ensure a secure work environment. This is evident through the Company's attainment of prestigious certifications such as ISO 9001, ISO 14000, ISO 45001/OHSAS 18001, and Responsible Care. Furthermore, it undertakes regular audits focussing on Environment, Health, and Safety (EHS) to closely monitor near-miss incidents and identify potential hazards. To address these risks and hazards, the Company develops mitigation measures based on comprehensive risk management programmes such as Hazard Identification and Risk Assessment (HIRA) and Hazard and Operability Study (HAZOP). All plants of the Company at Mettur & Cuddalore are recipients of the prestigious Sword of Honour award and the Five Star rating from the British Safety Council.



# ZERO

Lost Time Injury (LTI)



# ZERO

Fatalities





# Making a Difference with Holistic Approach

Chemplast firmly believes in integrating Corporate Social Responsibility (CSR) into every facet of its operations, including community engagement and environmental stewardship. This holistic approach exemplifies the Company's commitment to social responsibility and sustainable practices. By striving to make a positive impact on the environment and local communities, Chemplast aims to contribute meaningfully to a better and more sustainable future for the society at large.



₹ 8 Crores

Amount Spent on CSR Initiatives

In its quest to meaningfully impact the lives of people, Chemplast has consistently worked towards the welfare of the communities around its manufacturing plants and other locations. These initiatives are centred around education, healthcare, environment, women empowerment, livelihood enhancement, and sports, among others.

## Following are some of the key activities carried out during the year towards our CSR commitment:

- Organised a rural health camp across locations which benefitted over 7,500 people
- Established infrastructure for clean drinking water supply to over 250 households
- Organised skill development workshops for around 80 local women, a key step towards empowering them
- Donated medical equipment and constructed an out-patient waiting shelter to strengthen the medical infrastructure of a Government hospital and primary healthcare centre
- Supported municipal schools by donating classroom infrastructure and outdoor play equipment, providing teaching material etc.
- Contributed for rebuilding the sanitation blocks for boys and girls, civil work, furniture, painting and setting up a new computer lab, among others, in a Government-aided school



■ Tailoring centre, Mettur



■ Rural health camp, Thangamapuripattinam (near Mettur)



■ Clean drinking water supply to rural households around Mettur



■ Inauguration of the computer lab and girls' sanitation block at the Vaidheeswara Higher Secondary School, Mettur

# Driving Efficiency through Responsible Governance

*Chemplast embraces governance as a guiding principle in letter and spirit. This commitment is reinforced by empowering professional managers with authority, to inspire accountability, while the promoters view themselves as custodians of stakeholders' interests. Furthermore, responsible governance is a driving force behind the Company's operations, enabling optimal performance and efficiency resulting in longevity of the business.*

## Our Value System



The Right Way



Long-Term  
Perspective



Prioritising  
Health, Safety and  
Environment



Stakeholder  
Commitment



Process-driven  
Approach



Focus on Core  
Competency



Data-driven  
Decision-Making



Sustainable  
Growth

## Board Committees

Chemplast Sanmar has established several committees under the purview of the Board to enhance operational efficiency and effectively address various matters as mentioned below. These committees are responsible for ensuring that objective decisions are made in critical areas that demand specialised knowledge and expertise.

- Audit Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee
- Stakeholders Relationship Committee



# Celebrating Excellence with Sustainable Solutions

*Chemplast has been a pioneer in integrating sustainable practices in every sphere of its business. The accolades the Company has received over the years stand testimony to its unfaltering commitment to Environment, Health and Safety.*

**Chemplast's Custom Manufactured Chemicals Division received the Syngenta Sustainability Award 2022**



**Chemplast Sanmar conferred the ICC-Evonik Award for Environmental Excellence 2021**



**Chemplast Sanmar awarded the Best Nicor Globe User Company for Excellence in Transport Safety 2021**





**'Five Star Occupational Health and Safety Award' for Chemplast Sanmar PVC Plant II, Metturdam**



**Responsible Care Logo Presented to Chemplast Cuddalore Vinyls Limited, Valid from March 2022 to February 2025**



**Responsible Care Logo Presented to Chemplast Sanmar Limited, Valid from February 2022 to January 2025**



**British Safety Council's 'Sword of Honour 2020' for Chemplast Cuddalore Vinyls Limited**



**British Safety Council 'Sword of Honour 2021' for Chemplast Sanmar PVC Plant II, Metturdam**





# Leading with a Vision

The strategic direction of Chemplast Sanmar is guided by a distinguished Board of Directors, comprising accomplished professionals and notable industrialists. The composition of the Board, enriched by their diverse expertise and extensive experience, has significantly contributed to the elevation of the Company's strategic vision, values, and business acumen.

**Mr Vijay Sankar**  
Non-Executive Chairman



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

**Mr Ramkumar Shankar**  
Managing Director



Mr Ramkumar Shankar is a qualified Chartered Accountant and Cost Accountant. He was the President of the Alkali Manufacturers' Association of India in the period 2014-16. He is a member of the CII National Committee on Chemicals and Petrochemicals and is currently the Vice - President of The Madras Chamber of Commerce and Industry.

**Mr Aditya Jain**  
Independent Director



Mr Aditya Jain holds a Master's degree in Business Administration from Brunel University. He serves as the Chairman and Editorial Director of International Market Assessment India (IMA) and he is on the Board of Samhi Hotels Ltd as a Non-Executive Independent Director.

**Dr Amarnath Ananthanarayanan**  
Non-Executive Director  
(Upto May 9, 2023)



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

**Mr Chandran Ratnaswami**  
Non-Executive Director



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

**Dr Lakshmi Vijayakumar**  
Independent Director



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

**Mr Prasad Raghava Menon**  
Independent Director



Mr Menon is the former CEO of Tata Power, Tata Chemicals and the former Chairman of Tata Vistara. He holds a Bachelor's degree from IIT Kharagpur. He serves as an Independent Director of Data Patterns India Limited and Neuland Laboratories Ltd.

**Mr Sanjay Vijay Bhandarkar**  
Independent Director



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

**Mr Vikram Hosangady**  
Non-Executive Director  
(w.e.f. May 16, 2023)



Mr Vikram Taranath Hosangady is a qualified Chartered Accountant and Cost Accountant. He is a seasoned business leader and finance professional with over 25 years of experience as a strategic partner to several large Indian and global corporations alike. He worked with KPMG (India & Global) and served in various positions from 2005 to 2022. He is also on the Board of Directors of MRF Limited and Rane (Madras) Limited.

# Corporate Information

## Board of Directors

Mr Vijay Sankar

Non-Executive Chairman

Mr Ramkumar Shankar

Managing Director

Dr Amarnath Ananthanarayanan

Non-Executive Director

(Upto May 9, 2023)

Mr Sanjay Vijay Bhandarkar

Independent Director

Mr Vikram Taranath Hosangady

Non-Executive Director

(With effect from May 16, 2023)

Mr Aditya Jain

Independent Director

Mr Prasad Raghava Menon

Independent Director

Mr Chandran Ratnaswami

Non-Executive Director

Dr Lakshmi Vijayakumar

Independent Director

## Chief Financial Officer

Mr N Muralidharan

## Company Secretary and Compliance Officer

Mr M Raman

## Statutory Auditors

BSR & Co., LLP

Chartered Accountants

## Cost Auditors

N Sivashankaran & Co

Cost Accountants

## Secretarial Auditors

B Ravi & Associates

Company Secretaries

## Internal Auditors

RGN Price & Co.,

Chartered Accountants

## Bankers

DBS Bank Limited

Indian Overseas Bank

CTBC Bank & Co Limited

ICICI Bank Limited

YES Bank

IndusInd Bank

State Bank of India

IDBI Bank Limited

## Registered Office

9, Cathedral Road, Chennai - 600 086, Tamil Nadu

## Website

[www.chemplastsanmar.com](http://www.chemplastsanmar.com)

## Registrar and Share Transfer Agent

KFin Technologies Limited

Selenium Building, Tower-B, Plot No 31&32,

Financial District, Nanakramguda, Serilingampally,

Hyderabad, Rangareddi, Telangana India - 500 032

## Corporate Identification Number

L24230TN1985PLC011637

## DIRECTORS' REPORT

The Directors have pleasure in presenting the Thirty-Ninth Annual Report along with the Audited Financial Statements for the financial year ended March 31, 2023.

### Financial Summary – Standalone and Consolidated

Particulars	₹ Crores			
	Stand-alone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations and Other income	2,222	2,045	5,021	5,949
<b>Profit before interest, depreciation and taxes</b>	<b>332</b>	<b>660</b>	<b>548</b>	1,254
Depreciation	92	91	142	137
Interest	23	136	154	322
Profit before share of Profit / (Loss) from Joint Venture and associate and tax	217	434	252	796
<b>Profit / (Loss) before tax and exceptional items</b>	<b>217</b>	<b>434</b>	<b>252</b>	<b>796</b>
Exceptional Items	(50)	-	(81)	-
Profit / (Loss) before tax	167	434	171	796
Tax Expenses	(21)	(54)	(19)	(147)
<b>Profit / (Loss) after tax</b>	<b>146</b>	<b>379</b>	<b>152</b>	<b>649</b>
Total Other Comprehensive Income for the year	-	126	1	135
Total Comprehensive Income for the year	146	505	153	783
Basic and Diluted Earnings per share (equity shares, par value ₹ 5/- each)	9.21	25.54	9.64	43.66

### Financial Performance – Standalone

On a stand-alone basis, the revenue from operations and other income increased to ₹ 2,222 Crores for FY 2022-23 from ₹ 2,045 Crores in FY 2021-22. The increase is primarily driven by higher volume of Speciality Paste PVC sales. Profit Before Tax and Exceptional items for FY 2022-23 was ₹ 217 Crores against ₹ 434 Crores in FY 2021-22. The Company achieved a revenue growth of 9% when compared to FY 2021-22. However, significant drop in prices of Paste PVC and Chloromethanes products coupled with a steep increase in fuel prices has adversely affected the flow-through to Profit Before Tax.

### Financial Performance – Consolidated

On a consolidated basis, the revenue from operations and other income stood at ₹ 5,021 Crores for FY 2022-23 against ₹ 5,949 Crores in FY 2021-22. The Profit Before Tax and Exceptional items for FY 2022-23 was ₹ 252 Crores against ₹ 796 Crores in FY 2021-22. The drop in revenue and profits at a consolidated level was mainly due to a steep drop in prices of Speciality Paste PVC, Suspension PVC and Chloromethanes products, coupled with increase in fuel prices.

### Dividend and Transfer to Reserves

Considering the growth plans and the consequential need to conserve resources, the Directors have decided not to

recommend any dividend for the financial year 2022-23. The Directors also do not recommend any transfer to reserves.

### Share Capital

The Company's paid-up equity share capital stood at ₹ 79.06 Crores as on March 31, 2023, consisting of 15,81,09,574 equity shares of ₹ 5/- each. There is no change in the share capital of the Company.

### Borrowings

The total borrowings, including interest accrued, on a consolidated basis stood at ₹ 1,007.97 Crores as on March 31, 2023 as against ₹ 867.38 Crores as on March 31, 2022.

### Capacity Expansion

Leveraging the existing land and infrastructure facilities, the Company is increasing capacity of Speciality Paste PVC production by 41,000 tonnes per annum at an estimated outlay of ₹ 360 Crores and setting up a multi-purpose facility for Custom Manufactured Chemicals in a phased manner at an overall estimated outlay of ₹ 680 Crores. The Speciality Paste PVC project at SIPCOT Industrial Complex, Phase II, Cuddalore is expected to be commissioned in the second half of FY 2023-24 and phase I of the multi-purpose facility for Custom Manufactured Chemicals at Berigai, Krishnagiri District, is expected to be commissioned by second quarter of 2023-24.



**DIRECTORS' REPORT (Contd.)**

Further, during the year under review, the wholly owned subsidiary of the Company, Chemplast Cuddalore Vinyls Limited, has completed its debottlenecking project, adding 10% to its production capacity.

**Statement of Company's Affairs**

Chemplast Sanmar Limited (CSL) is a leading Speciality chemicals manufacturer in India with focus on Speciality Paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is the largest manufacturer of Speciality Paste PVC resin in India. In addition, CSL is also the fourth largest manufacturer of Caustic Soda and the largest manufacturer of Hydrogen Peroxide in South India and the oldest manufacturer of Chloromethanes in India.

**I. Speciality Chemicals****PVC Paste Resin**

(FY = Financial Year and Q=Quarter)

The domestic demand for Speciality Paste PVC Resin in FY 2022-23 registered a strong growth of 17%, reaching 163kt, compared to 139kt in FY 2021-22. The recovery in Auto sector and foot wear segment fuelled the growth in demand for Speciality Paste PVC resin.

In the recent past, downstream processing industry in the NCR region used to face curtailed operations in Q3 – the spike in air pollution around this time used to trigger the regulatory authorities into curtailing the use of coal. However, this year, with many of the leather cloth units shifting to gas based fuel, operations could continue mostly unhindered.

In contrast to India, the demand in US and Europe was weak due to high inflationary pressures and rising interest rates while Chinese demand was also lower than usual due to the country's Zero-Covid policy. Though China lifted Covid lock down restrictions towards the end of 2022, the demand continued to be sluggish resulting in China pushing more and more material to India. In this scenario, from the middle of Q1, international prices started falling at regular intervals, thus pushing processers to buy on "just in time" basis. The price reduction was also facilitated by ocean freight rates reverting to near earlier levels. Prices fell by 29% during the course of the year. This was compounded by the sharp increase in energy costs (both coal and natural gas) resulting in a squeeze on margins.

The company recorded the highest ever production and sale of Speciality Paste PVC resin during FY23.

**Custom Manufactured Chemicals**

The Custom Manufactured Chemicals business manufactures advanced intermediates for global innovators and originators in Pharmaceutical and Agrochemical markets. The Company markets and sell unique chemistry and process capabilities to its customers based on which customers approach the Company with projects for products that they wish to outsource. Therefore, unlike other chemical companies, the Company does not have a catalogue of products to sell. The Company is well renowned in the industry for its ability to handle various chemistries and chemicals. Examples include – Cyanation, Hydrogenation, Diazotisation, Mercaptans. Significant expertise is available within the Chemplast ecosystem in processing and handling complex chemicals such as Chlorine, Ethylene di chloride, Fluorine, Peroxides, Chlorosilanes and Sodium Cyanide to name a few. Therefore, the Company offers a world-class research and development capability combined with a broad range of chemical technologies at production scale.

In addition, the Company is also well known for its Environmental and Safety stewardship. In fact, customers use this as a first criterion for screening before they decide to work with a supplier. The Company is also unique in having access to many basic starting materials important for this business – such as Caustic, Chlorine, Hydrogen & Chloromethanes and ability to handle gases like Ethylene.

The Company has long standing partnerships and relationships with global innovator companies in the agro chemical and pharmaceutical space. In fact, many of its customers have been with the Company for over a decade. It takes anywhere between 1 to 2 years to develop a product.

The Company focusses on engaging with its customers at an early stage of the life cycle of a product to ensure this. Global innovator companies, are increasing their outsourcing pie constantly. This together with China+1 strategy of the innovators, is resulting in increased enquires for Indian players including Chemplast Sanmar.

Due to its efforts over the years in building relationships and partnerships, the Company has a strong pipeline of products under various stages of development. Many of these will require the Company to make investments in new capacity in the coming months and years. The Company has already committed to invest ₹ 680 Crores to set up a world class facility to accommodate the new products in the pipeline.

## DIRECTORS' REPORT (Contd.)

Over the past 6 months, the Company has signed 2 Letters of Intent with an agrochemical innovator to manufacture advanced intermediates.

### II. Other Chemicals

#### Chloromethanes

The year 2022-23 began amidst the backdrop of the less virulent 'Omicron' strain of COVID-19 with marginal impact across various consumption segments. Demand for Chloromethanes (CMP) began on a steady note, especially in the key pharma sector. Offtake from the adhesive and foam sector continued to remain good as well. Tight availability, coupled with lower import arrivals and high energy prices in Europe, gave impetus to firm domestic prices in the early part of the financial year. New capacities were set up by other companies during the year, to an extent of around 200ktpa. Start-up and stabilisation issues kept the operating rates of the new plants low, thereby supporting firm prices till the end of Q3.

The real impact of additional capacities were felt during the last quarter of the year as full operating levels, coupled with limited export order book with local producers, led to a sharp fall in prices of both Methylene DiChloride (MDC) and Chloroform. The demand slump was more pronounced in Carbon Tetra Chloride (CTC) with synthetic pyrethroids segment witnessing a much sharper drop in demand from the end of Q3, as their exports to major markets in Latin America and Europe were severely impacted by the drought conditions. Though addition of certain new customers did result in some positive offtake of CTC, this could only marginally mitigate the impact of the severe contraction in consumption from the DV acid segment.

Overall domestic demand for MDC grew by 7% from 345kt to 370kt during the year, driven by the Pharma sector which remains as the single largest consumption sector.

Chloroform demand grew by 17% from 155kt to 181kt during the year, driven by PTFE demand.

CTC demand contracted by 19% from 27kt to 22kt during the year.

The Company's production of Chloromethanes stood at 34,971 mt, while sales, excluding captive consumption, were 32,826 mt during the year.

#### Caustic Soda

Being a very basic alkali with a strong correlation between consumption and economic activity, Caustic

Soda witnessed a steady demand at the start of the new financial year. However, by the end of Q1, higher yarn prices, and lower export orders from the European Union, forced several small and mid-sized textile processors in South India to cut down operating levels or shut plants due to unviable cost economics. Hence demand from this sector started witnessing a downward trend whilst other segments like Paper and Pulp, Alumina and ETBs exhibited a steady demand for the product.

The year also saw stabilisation of new capacity set up in FY 2021-22, and the commissioning of additional capacity in the western part of the country. Drought/ energy crisis in Europe gave an opportunity for domestic producers (especially in the West) to book huge export orders during the period between Aug-Oct'22 which supported firm domestic prices as availability became tighter. Prices started softening again from the beginning of the last quarter on account of reduced export order book.

The Company's production of Caustic Soda was 1,03,032 MT while sales, excluding captive consumption, stood at 98,677 mt during the year.

#### Hydrogen Peroxide

During the year under review, the Company gradually enhanced sales of Hydrogen Peroxide to Textile and Paper and Pulp sectors. Domestic availability was limited in the second and third quarter due to curtailed production from other domestic producers on account of restricted supply of gas, in addition to lower imports from Bangladesh (due to a safety incident at their container terminal). These factors had a positive impact which enabled us to achieve higher volumes on a monthly basis and finally culminated in highest monthly sale of 2,528 MT in December 2022. However, production was moderated in the fourth quarter based on the overall economics of the caustic chain.

The Company's production of Hydrogen Peroxide was 25,284 MT while the sale was 25,316 MT during the year.

#### Performance of Subsidiary:

##### Chemplast Cuddalore Vinyls Limited (CCVL)

The Company's wholly owned subsidiary CCVL earned a profit before tax of ₹ 35.48 Crores (before exceptional items) for the year ended March 31, 2023 as compared to ₹ 361.93 Crores for 2021-22. The profit after tax for 2022-23 was ₹ 6.74 Crores, as against a profit of ₹ 269.18 Crores in 2021-22.

## DIRECTORS' REPORT (Contd.)

**Management Discussion and Analysis Report**

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

**Corporate Governance Report**

The report on corporate governance along with a certificate from the Practising Company Secretary as required under the Listing Regulations is annexed to this Report as **Annexure B**.

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

The Board and senior management personnel have affirmed that they have complied with the Code of Conduct of the Company. A declaration from Mr Ramkumar Shankar, Managing Director, as required under Regulation 34(3) and Schedule V (D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to this effect is annexed to the report on corporate governance.

**Business Responsibility and Sustainability Report**

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

**Safety and Environment**

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

**1. Process Safety Management**

All the Mettur plants have started implementing a Process Safety Management programme. Each plant in Mettur is working on critical safety risk reduction through Barrier Health Management study.

**2. Behaviour Based Safety**

All the plants in the Company have also commenced a Behaviour Based Safety

programme to further enhance and reinforce the safety-oriented work culture.

**3. British Safety Council – Occupational Health & Safety Specification**

Our manufacturing facilities have been audited by British Safety Council on implementation of the latest Occupational Health and Safety specifications. The top **FIVE STAR** rating has been awarded to all our plants at Mettur and Karaikkal.

**4. Process Hazard Analysis & safety studies**

The Company completed the following safety studies in the plants, as listed below.

Mettur, Plant 2 – Fire risk assessment and HAZOP revalidation

Mettur, Plant 4 – Quantitative Risk Assessment

Mettur, Coal Based Power Plant – Hazardous Area Classification and Lighting Protection study

**5. IS 14489 – Statutory Audit**

IS 14489 statutory audit was conducted at Mettur, Plant 4 and the recommendations are under implementation.

IS 14489 statutory audit was conducted at Karaikkal plant and the recommendations are under implementation.

**6. Integrated Management System Audit**

Mettur Plant 4 obtained Integrated Management System Certification for ISO14001 and ISO 45001, certified by Bureau Veritas.

**7. Awards and Rewards**

A. The following awards have been received from **The Indian Chemical Council**

(a) ICC – EVONIK Award for Excellence in Management of Environment

Chemplast Sanmar Limited, Mettur

(b) Award for the Best Nicer Globe User company

Chemplast Sanmar Limited

(c) Award for the Best Logistics Service Provider  
Murugan Oil Corporation Logistic (MOC)

Chemplast Sanmar Limited

(d) Award for the Best Three drivers

i) M.Swaminathan – Murugan Oil Corporation (Operating for Chemplast Sanmar)

## DIRECTORS' REPORT (Contd.)

- ii) M.Kumar – Velliangiri Aandavar Thunai (VAT) Transport (Operating for Chemplast Sanmar)
- B. The following awards have been received from **The National Safety Council** Tamil Nadu Chapter.
 

CSL Plant 1 & 2 received Star Award and Berigai plant received Appreciation award for Occupational Health and Safety Award, 2020 from National Safety Council, Tamil Nadu Chapter.
- C. The Company received Sustainability award for Carbon Reduction from one of its key customers of Custom Manufactured Chemicals.

### Finance

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

In the first week of April 23, CRISIL Ratings has reaffirmed Chemplast Sanmar Limited's and its wholly owned subsidiary Chemplast Cuddalore Vinyl Limited's credit ratings to AA- (long term), signifying a high degree of safety. CRISIL has also reaffirmed short term rating of A1+, which is the highest rating possible.

### Dividend Distribution Policy

The Company forms part of the List of top 500 listed entities based on market capitalisation as on March 31, 2023. In view thereof, pursuant to the provisions of Regulation 43A of the Listing Regulations, 2015, as amended, the Board of Directors has approved the Dividend Distribution Policy and the said Policy is available in the following link <https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/dividend-distribution-policy.pdf>

### Change in the Nature of Business

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

### Risk Assessment and Management

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

The Risk Management Policy of the Company as recommended by the Risk Management Committee and approved by the Board of Directors of the Company can be accessed in the Company's website using the link <https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/risk-management-policy.pdf>. The Risk Management System of the Company ensures that all risks that the organisation faces including strategic, financial, credit, operational, 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 2022-23 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 Audit Committee together with corrective actions.

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

### Internal Financial Control over Financial Reporting

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



**DIRECTORS' REPORT (Contd.)****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 March 31, 2023, the Company did not have any outstanding public deposit.

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

Particulars of investments and guarantees under Section 186 of the Companies Act, 2013 are given in the Notes forming part of the Financial Statements for the year ended March 31, 2023.

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

**Consolidated Financial Statements**

Consolidated Financial Statements are prepared by the Company in accordance with the applicable Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs and the same together with Auditors' Report thereon form part of the Annual Report. The financial statements have been prepared as per Division II of Schedule III issued by the Ministry of Corporate Affairs vide its Notification dated April 06, 2016 as amended from time to time.

**Subsidiary**

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

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

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

The Audited financial statements of the wholly-owned subsidiary Company are placed on the Company's website [www.chemplastsanmar.com](http://www.chemplastsanmar.com)

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

**Related Party Transactions**

There are no contracts / arrangements / transactions with related parties which are not at arm's length basis and there are no material contracts / arrangements / transactions which are at arm's length basis. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188 (1) along with the justification for entering into such contract or arrangement in Form AOC 2 does not form part of the report.

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

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

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

**Material Changes and Commitment affecting the financial position of the Company that occurred after March 31, 2023**

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

**Directors and Key Managerial Personnel**

Dr Amarnath Ananthanarayanan, Non-Executive Non-Independent Director resigned from the Board with effect from May 09, 2023. The Board of Directors place on record the valuable services rendered by him during his tenure as Director of the Company.

The Board of Directors on the recommendation of Nomination and Remuneration Committee, approved the appointment of Mr Vikram Taranath Hosangady (DIN: 09757469) as Non-Executive Non-Independent Director of the Company in the casual vacancy caused by the resignation of Dr Amarnath Ananthanarayanan Non-Executive Non-Independent Director, at its meeting held on May 16, 2023 subject to the approval of shareholders of the Company.

## DIRECTORS' REPORT (Contd.)

The Company has received notice from a member under Section 160 of the Companies Act, 2013 proposing the appointment of Mr Vikram Taranath Hosangady as Non-Executive Non-Independent Director of the Company liable to retire by rotation. Pursuant to the provisions of Section 152, 160, 161 and other applicable provisions of the Companies Act, 2013 approval of shareholders of the Company is required for the appointment Mr Vikram Taranath Hosangady as Non-Executive Non-Independent Director, liable to retire by rotation.

Mr Chandran Ratnaswami, Director, is liable to retire by rotation pursuant to Section 152 (6) of the Companies Act, 2013. Being eligible, he offers himself for re-appointment. His re-appointment was recommended by the Nomination and Remuneration Committee of Directors at its meeting held on May 16, 2023 and will be placed before the members for approval at the ensuing 39<sup>th</sup> Annual General Meeting.

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

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

### Directors' Responsibility Statement

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

- (a) In the preparation of the annual accounts for the year ended March 31, 2023, 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 March

31, 2023 and of the profit of the Company for the year ended on that date.

- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the annual accounts of the Company on a going concern basis.
- (e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- (f) The Directors have laid down internal financial controls to be followed and confirms that such internal financial controls were adequate and operating effectively.

### Number of Board Meetings

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

### Audit Committee

#### Composition of Audit Committee

The composition of the Audit Committee is as under and is in compliance with the provisions of Section 177 of the Companies Act, 2013 read with the rules there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The scope of the activities of the Audit Committee is set out in the Corporate Governance Report.

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

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

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

### Nomination and Remuneration Committee

The Members of the Nomination and Remuneration Committee met three times during the financial year

**DIRECTORS' REPORT (Contd.)**

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

The Policy on formal Annual Evaluation by the Board can be accessed through the following link <https://www.chemplastsanmar.com/downloads/investorrelations/csl-policies/nomination-remuneration-policy-and-board-evaluationpolicy.pdf>

**Stakeholders Relationship Committee**

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

**Risk Management Committee**

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

**Corporate Social Responsibility Committee**

The Members of the Corporate Social Responsibility Committee met once during the financial year under review. The details of the constitution of the CSR Committee and the Committee meetings held during the financial year have been stated in the Corporate Governance Report.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out evaluation of its own performance, the directors individually and evaluation of working of the committees of the Board during the financial year 2022-23 as per the criteria laid down by Nomination and Remuneration Committee. The evaluation process contained various aspects of the functioning of the Board and its committees, number of committees and their roles, frequency of meetings, level of participation, and independence of judgement, performance of duties and obligations.

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

**Familiarisation Programme for the Independent Directors:**

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

**Personnel**

Industrial relations with employees remained cordial during the year. Human Resource Development activities continued to receive considerable attention. The emphasis was on imparting training and developing the skill set of employees to enable them to face the challenges in an increasingly complex work environment.

**Particulars of employees**

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

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

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

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.

**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 of material nature was reported.

## DIRECTORS' REPORT (Contd.)

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

This policy has been formulated with a view:

- ◆ To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Company's Ethics Policy.
- ◆ To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimisation, and
- ◆ To appropriately communicate the existence of such mechanism, within the organisation and to outsiders.
- ◆ To ensure that no personnel is denied access to the Chairman of the Audit Committee in respect of reporting any of above instances.

### Corporate Social Responsibility

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

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

Details of CSR Expenditure are given in the prescribed format and forms part of this Report and is enclosed as **Annexure 2**.

### Statutory 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 38<sup>th</sup> Annual General Meeting to 43<sup>rd</sup> Annual General Meeting of the Company, that is, for the Financial Years 2022-23 to 2026-27.

### 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 2022-23.

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

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor 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 2022-23. The Report of the Secretarial Auditor is annexed herewith as **Annexure 4** and forms part of this Report.

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

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 2023-24.

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

For the year under review, there is no qualification, reservation or adverse remark or disclaimer made by the Statutory Auditor or Secretarial Auditor of the



**DIRECTORS' REPORT (Contd.)**

Company. The report of the Statutory Auditors forms part of the financial statement.

During the year under review, there were no material or serious instances of fraud falling within the purview of Section 143(12) of the Companies Act 2013 and rules made there under by officers or employees reported by the Statutory Auditors of the Company during the course of the audit conducted.

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

**Secretarial Standards**

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

**Annual Return**

Draft Annual return in Form MGT 7 as on March 31, 2023 is available in the Company's website <https://www.chemplastsanmar.com/annual-report.php>.

**Green initiative**

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

Further, the Company will also send the Annual Report for the Financial Year 2022-23 to all the shareholders only through electronic means as per the relaxations provided by MCA Circular dated May 05, 2020, January 13, 2021, December 14, 2021 May 05, 2022 and December 28, 2022 and SEBI Circular dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023 which enhances the Green initiative measures taken by the Company.

**Other disclosures**

During the year under review, there were no:

- a) Issues of Equity Shares with differential voting rights, dividend or otherwise as per Section 43(a) (ii) of the Companies Act 2013.
- b) Issues of shares including Sweat Equity Shares to the employees of the Company under any scheme as per provisions of Section 54 (1) (d) of the Companies Act, 2013.
- c) Instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67 (3) of the Companies Act, 2013 and
- d) Revisions to the financial statements during the year under review.

**Other Particulars**

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

**Acknowledgements**

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

**Cautionary Statement**

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

For and on behalf of the Board

**Vijay Sankar**  
Chairman  
DIN: 00007875

Chennai  
May 16, 2023

# ANNEXURE 1

Information under Section 134(3)(m) of the Companies Act, 2013 forming part of the Directors' Report for the year ended March 31, 2023.

## 1. CONSERVATION OF ENERGY

### a. Measures Taken:

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

#### 1. Ammonia Compressor Chiller optimisation in Mettur Plant II

Energy savings achieved through commissioning 2 additional condensers in Mettur Plant II

#### 2. Power savings due to installation of Screw Compressor in CBPP in Mettur Plant III

Energy savings achieved through replacement of 90 KW reciprocating instrument compressors by 75 KW screw compressor in June 2022 thus reducing per day consumption by 276 Kwh

### b. Additional Investment

₹ 78 Lakhs

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

Particulars	Substitution/ Reduction in energy consumption per annum	Savings in Cost of Production (Annualised) (₹ in Lakhs)
Ammonia Compressor Chiller optimisation by adding 2 additional condensers - Mettur Plant II	7.2 Lakhs KWh	48.1
Installation of Screw Compressor for instrument air in CBPP - Mettur Plant III	1 Lakh KWh	6.7
Energy saving through installation of IE3 motors – Mettur Plant IV	0.8 Lakhs KWh	5.6
Variable Frequency Drive (VFD) Change, cooling tower Fans change and Gradation of Vaccum Pumps	1.27 Lakhs KWh	8.5
<b>Total</b>		<b>68.9</b>

## 2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

## RESEARCH AND DEVELOPMENT (R&D)

### 1. Specific areas of R & D:

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

R & D activities include work on techpacks provided by customers and optimise the same, work on the entire development cycle from route of synthesis to sample approval by customers for product enquiries.

## ANNEXURE 1 (Contd.)

The main areas of R & D have been gainful utilisation of available resources, alternative and economic route of synthesis for the existing range of products, application support and conservation of environment and pollution control.

**2. Benefits derived from R & D:**

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

**3. Future plan of action:**

The division has plans for introducing new chemicals in Pharmaceuticals and Agro chemicals. The division has also plans in augmenting the R&D capabilities.

**4. Expenditure on R & D:**

Capital	: ₹ 1,016.90 Lakhs
Revenue	: ₹ 189.78 Lakhs
Total	: ₹ 1,206.68 Lakhs
Total R & D expenses as a percentage of total turnover	: 0.55%

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	(₹ Lakhs)
Foreign exchange outgo	: 84,924.02
Foreign exchange earnings	: 32,754.94

## ANNEXURE 2

### CORPORATE SOCIAL RESPONSIBILITY POLICY AND RELATED INFORMATION

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

- The Company shall undertake CSR projects or programmes which falls within the purview of the activities specified, from time to time, under Schedule VII of the Companies Act, 2013.
- The CSR Committee and the Board of Directors are authorised 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.
- The Sanmar Group CSR Trust ("Trust") is a trust established as a CSR implementing vehicle for the Authors of the Trust, one of whom is the Company.

This Trust is a registered Public charitable Trust formally recognised 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 the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Vijay Sankar	Chairman	2	2
2	Ramkumar Shankar	Managing Director	2	2
3	Dr Lakshmi Vijayakumar	Independent Director	2	2

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

<https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/csr-policy.pdf>

#### 4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT).

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

#### 5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

S No	Financial Year	Amount available for set-off from preceding financial years (₹ in Lakhs)	Amount required to be setoff for the financial year, if any (₹ in Lakhs)
1	2021-22	Nil	Nil
2	2020-21	Nil	Nil
3	2019-20	Nil	Nil

#### 6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

Average Profit for last three financial years – ₹ 20417 Lakhs.

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

₹ 408.34 Lakhs



ANNEXURE 2 (Contd.)

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

Nil

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

Nil

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

₹ 408.34 Lakhs

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

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

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

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 (₹)	Amount spent in the current financial Year (₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency- Name- CSR Registration Number
Not Applicable										

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

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 (₹ Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of Implementation- Through Implementing Agency - Name - CSR Reg. No
1	Drinking water supply & plantation of trees	Making available safe drinking water (Covered under Item -(i) of the Schedule VII)	Yes	Mettur, Salem dist, Tamil Nadu; Berigai Krishnagiri dist, Tamil Nadu.	107.71	Yes	NA
2	Medical & Health care Expenses	Promoting health care (Covered under Item -(i) of the Schedule VII)	Yes	Mettur, Salem Dist, Berigai, Krishnagiri Dist and Karaikal.	27.04	Yes	NA
3	Education and Training expenses	Promoting education (Covered under Item -(ii) of the Schedule VII)	Yes	Mettur, Salem Dist, Vedaranyam, Nagapattinam Dist and Karaikal	156.64	Yes	NA
4	Expenditure towards Armed forces benefit	Measures for the benefit of armed forces, veterans (Covered under Item -(vi) of the Schedule VII)	Yes	Mettur, Salem Dist, Vedaranyam, Nagapattinam Dist and Karaikal	1.35	Yes	NA

## ANNEXURE 2 (Contd.)

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 (₹ Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of Implementation- Through Implementing Agency - Name - CSR Reg. No
5	Sports promotion Expenses	Training to promote nationally recognised Sports (Covered under Item -(vii) of the Schedule VII)	Yes	Chennai and Karaikal	51.29	Yes	NA
6	Expenditure towards Rural development	Rural development projects (Covered under Item -(x) of the Schedule VII)	Yes	Mettur, Salem Dist and Karaikal	30.46	Yes	NA
7	Expenditure on protecting environment	Disaster management, including relief, rehabilitation and reconstruction activities (Covered under Item -(xii) of the Schedule VII)	Yes	Vedaranyam, Nagapattinam Dist	34.00	Yes	NA
8	Empowering Women	Promoting gender equality, empowering women (Covered under Item -(iii) of the Schedule VII)	Yes	Mettur, Salem Dist and Berigai, Krishnagiri Dist	1.87	Yes	NA
9	Disaster management	Disaster management, including relief, rehabilitation and reconstruction activities (Covered under Item -(xii) of the Schedule VII)	Yes	Vedaranyam, Nagapattinam Dist	2.50	Yes	NA
10	Differently abled and livelihood enhancement projects	Differently abled and livelihood enhancement projects (Covered under Item -(ii) of the Schedule VII)	Yes	Vedaranyam, Nagapattinam Dist	8.35	Yes	NA

d. Amount spent in Administrative Overheads: Not Applicable.

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

f. Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 421.21 Lakhs.

g. Excess amount for set off, if any.

## ANNEXURE 2 (Contd.)

S No	Particulars	Amount (₹ Lakhs)
(i)	2% of average net profit of the Company as per section 135(5)	408.34
(ii)	Total amount spent for the Financial Year	421.21
(iii)	Excess amount spent for the financial year [(ii)-(i)]	12.88
(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)]	12.88

## 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) (₹ Lakhs)	Amount spent in the reporting Financial Year (₹ Lakhs)	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 ₹ Lakhs)
				Name of the Fund	Amount (₹ Lakhs)	Date of transfer	
1	2021-22	Nil	Nil	Nil	Nil	Nil	Nil
2	2020-21	Nil	Nil	Nil	Nil	Nil	Nil
3	2019-20	Nil	Nil	Nil	Nil	Nil	Nil

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

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

Vijay Sankar  
Chairman

Place: Chennai  
Date: May 16, 2023

Ramkumar Shankar  
Managing Director

## ANNEXURE 3

Disclosure u/s 197(12) and Rule 5(1) of each director to the median remuneration of the employees of the Company for the financial year ended March 31, 2023

- Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year ended March 31, 2023.

Sl. No.	Director	Ratio to median remuneration
1	Mr Vijay Sankar, Chairman and Non-executive Director	-
2	Mr Ramkumar Shankar, Managing Director	41.47
3	Mr Chandran Ratnaswami, Non-executive Director	-
4	Dr Amarnath Ananthanarayanan, Non-executive Director	-
5	Dr (Mrs) Lakshmi Vijayakumar, Independent Director	2.91
6	Mr Aditya Jain, Independent Director	3.09
7	Mr Sanjay Vijay Bhandarkar, Independent Director	2.77
8	Mr Prasad Raghava Menon, Independent Director	2.54

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

Sl. No.	Director/ Key Managerial Personnel	Percentage Increase / (decrease)
1	Mr Vijay Sankar, Chairman and Non – executive Director @@	-
2	Mr Ramkumar Shankar, Managing Director	28%
3	Mr Chandran Ratnaswami, Non-Executive Director @@	-
4	Dr Amarnath Ananthanarayanan, Non-Executive Director @@	-
5	Dr (Mrs) Lakshmi Vijayakumar, Independent Director &&	327%
6	Mr Aditya Jain, Independent Director &&	240%
7	Mr Sanjay Vijay Bhandarkar, Independent Director &&	154%
8	Mr Prasad Raghava Menon, Independent Director &&	211%
9	Mr N Muralidharan, Chief Financial Officer %	-
10	Mr M Raman, Company Secretary and Compliance Officer	42%

@@ For these non-executive Directors, no remuneration was paid during the FY 2022-23. Hence percentage increase is not applicable

&& During the year 2022-23, these independent Directors have received commission for the first time and hence these % are not representative.

% Not comparable with the previous year as they drew remuneration only for part of the year in the previous year

- Percentage increase in the median remuneration of employees in the financial year: 18 %
- The number of permanent employees on the rolls of the Company as at March 31, 2023: 1219
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: 22%
- It is affirmed that the remuneration paid is as per the remuneration policy of the Company.

Place: Chennai  
Date: May 16, 2023

For and on behalf of the Board of Directors  
**Vijay Sankar**  
Chairman  
DIN:00007875



## ANNEXURE 4

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

Dear Members,

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

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

Place: Chennai  
Date: April 05, 2023

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

## ANNEXURE 4 (Contd.)

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED March 31, 2023

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

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

Dear Members,

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

Based on our verification of the Company's books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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 **March 31, 2023** 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 **March 31, 2023** according to the provisions of:

- (i) The Companies Act 2013 ("the Act") and the rules made there under issued by the Ministry of Corporate Affairs from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended:-
  - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
  - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (was not applicable to the Company during the period under review);
  - (f) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; (was not applicable to the Company during the period under review);
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (was not applicable to the Company during the period under review);
  - (h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; (was not applicable

## ANNEXURE 4 (Contd.)

to the Company during the period under review);

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

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

- (a) Water (Prevention and Control of Pollution) Act, 1974
- (b) Air (Prevention and Control of Pollution) Act, 1981
- (c) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
- (d) The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989
- (e) The Explosives Act, 1884
- (f) The Petroleum Act, 1934 and Petroleum Rules, 2002
- (g) The Poisons Act, 1919
- (h) Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 ("DC Rules")
- (i) The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996
- (j) Bureau of Indian Standards Act 1986
- (k) The Electricity Act 2003 and rules framed thereunder
- (l) Gas Cylinder Rules 2016
- (m) The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950 ("Boiler Regulations")
- (n) Legal Metrology Act, 2009, the Legal Metrology (Packaged Commodities) Rules, 2011 ("Packaged Commodity Rules") and Standards of Weights and Measures Act 1976

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

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. However, we note the gap between two Risk Management committee meetings held on March 31, 2022 and November 03, 2022 exceeds 180 days on a continuous basis and this is not in line with Regulation 21 (3C) of SEBI LODR Regulations. We were informed that the Company had written to National Stock Exchange of India Limited which has advised the Company to be prudent in future.

The Board of Directors of the Company is duly constituted with proper balance of Executive Director(s), Non- Executive Directors, Woman director, Independent Directors and Key Managerial Personnel. There is no change in the composition of the Board or Key Managerial Personnel during the period under audit.

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

All decisions were taken unanimously at the Board and the committee meetings and with requisite majority at the Annual General Meeting. There was no other General Meeting held during the year under audit.

We further report that during the audit period: -

1. The shareholders in their 38<sup>th</sup> Annual General meeting held on June 24, 2022 through ordinary resolution has accorded approval for the:
  - a) Appointment of BSR & Co, LLP, Chartered Accountants as the statutory auditors of the Company from the conclusion of 38<sup>th</sup> Annual General Meeting till the conclusion of 43<sup>rd</sup> Annual General Meeting.

## ANNEXURE 4 (Contd.)

- b) Payment of annual commission at the rate not exceeding 1% of net profits of the Company subject to a maximum of ₹ 50 Lakhs per annum to all independent directors together apart from sitting fees and expenses incurred for attending the meetings of Board/ Committees thereof for a period of five years commencing from the Financial Year 2021-22.
2. The Independent Directors of the Audit committee at its meeting held on November 03, 2022 have approved taking on lease by the Company an additional extent of 3.25 acres of land at SIPCOT Industrial Complex, Phase II, Semmankuppan Village, Cuddalore, on the

terms and conditions agreed upon from Chemplast Cuddalore Vinyls Limited, the Company's wholly owned subsidiary.

Place: Chennai  
Date: April 05, 2023

Signature:  
Name of Company Secretary in  
practice: CS Dr. B Ravi  
FCS No.: 1810 CP No.: 3318  
**MANAGING PARTNER**  
**B RAVI & ASSOCIATES**  
Firm Registration Number:  
P2016TN052400  
Peer Review Certificate  
Number: 930/2020  
**UDIN: F001810E000019729**



## ANNEXURE 5

The Members,

**CHEMPLAST CUDDALORE VINYL LIMITED**

CIN: U24100TN1991PLC020589

9, Cathedral Road, Chennai – 600 086

Dear Members,

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

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

Place: Chennai

Date: April 05, 2023

Signature:

Name of Company Secretary in practice: CS Dr. B Ravi

FCS No.: 1810 CP No.: 3318

**MANAGING PARTNER**

**B RAVI & ASSOCIATES**

Firm Registration Number: P2016TN052400

## ANNEXURE 5 (Contd.)

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2023

[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 authorised 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 **March 31, 2023** 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 **March 31, 2023** according to the provisions of:

- (i) The Companies Act 2013 and the rules made there under issued by the Ministry of Corporate Affairs from time to time;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under- not applicable during the period under review;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended were not applicable to the Company during the

period under review since none of the securities of the Company is listed in stock exchange.

- a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (SEBI-LODR)
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- 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

We further report that based on the information received, explanations given, process explained, records maintained,

**ANNEXURE 5 (Contd.)**

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

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

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

The Company continues to be the Wholly Owned 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. The two independent directors of the Holding company are the directors of the Company in compliance with SEBI-LODR which mandates at least one independent director of the holding company shall be a director of the material subsidiary. There is no change in the composition of the Board or Key Managerial Personnel during the period under audit.

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.

All decisions were taken unanimously at the Board and Committee meetings and at the Annual General Meeting. There was no other 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, the Company:-

- 1) In its 31<sup>st</sup> Annual General Meeting held on June 23, 2022 accorded approval through ordinary resolution the appointment of BSR & Co LLP Chartered Accountants as statutory auditors of the Company for a period of five years from the conclusion of 31<sup>st</sup> Annual general meeting till the conclusion of 36<sup>th</sup> Annual General meeting of the Company.
- 2) In its Board Meeting held on November 03, 2022 accorded approval to sub-lease additional extent of 3.25 acres of land at SIPCOT Industrial Complex, Phase II, Semmankuppan Village, Cuddalore, to Chemplast Sanmar Limited, the holding company on the terms and conditions agreed upon.
- 3) In its Board meeting held on March 23, 2023, reappointed Mr Ramkumar Shankar as Managing director of the Company for a period of one year from April 01, 2023, subject to the approval of shareholders.

Place: Chennai  
Date: April 05, 2023

Signature:  
Name of Company Secretary in  
practice: CS Dr. B Ravi  
FCS No.: 1810 CP No.: 3318  
**MANAGING PARTNER**  
**B RAVI & ASSOCIATES**  
Firm Registration Number:  
P2016TN052400  
Peer Review Certificate  
Number: 930/2020  
**UDIN: F001810E000016583**

## ANNEXURE 6

### FORM AOC-1

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

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

#### Part "A": Subsidiaries

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

Sl. No	Particulars	Details
1	Name of the subsidiary	Chemplast Cuddalore Vinyls Limited
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	March 31, 2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹
4	Share capital	303
5	Instruments entirely equity in nature	1,290
6	Reserves and surplus	(2,122)
7	Total assets	2,014
8	Total Liabilities	2,543
9	Investments	-
10	Turnover	3,054
11	Profit before taxation (after exceptional items)	5
12	Provision for taxation	(2)
13	Profit after taxation	7
14	Proposed Dividend	NIL
15	% of shareholding	100%

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

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

#### Part "B": Associates and Joint Ventures

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

##### Name of associates/Joint Ventures

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



ANNEXURE 6 (Contd.)

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

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

**Vijay Sankar**

Chairman

DIN: 00007875

**Ramkumar Shankar**

Managing Director

DIN: 00018391

**Sanjay Vijay Bhandarkar**

Chairman – Audit Committee

DIN: 01260274

**N Muralidharan**

Chief Financial Officer

**M Raman**

Company Secretary

# REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the financial year ended March 31, 2023.

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

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

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

## 2. Board of Directors

The Board of Directors (the Board), consist of persons with considerable professional expertise and experience and they provide leadership and

guidance to the management, thereby enhancing stakeholders' value and the quality of the Board's decision making process.

### (a) Board Structure:

As at March 31, 2023, the Board consists of Eight (08) Directors, out of which Seven (07) are Non-Executive Directors.

The Company has a minimum of fifty per cent of its Directors as Non-Executive Directors. Out of the Seven (07) Non-Executive Directors, Four (04) Directors are Independent Directors, of whom one is a Woman Director.

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

### (b) Board Profile

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

### (c) Board Meetings, Attendance and other directorships

During the financial year under review, Board meetings were held on May 10, 2022, August 05, 2022, November 04, 2022, February 11, 2023, and March 23, 2023. The last Annual General Meeting (AGM) was held on June 24, 2022. Details of attendance of Directors at the Board meetings, at the AGM and details of other Directorships and committee memberships / chairmanships as on March 31, 2023 are as under:

Sr. No.	Name of Director and DIN	Category of Director	No. of Shares held as on March 31, 2023	No. of Board meetings attended during 2022-23	Attendance at last AGM held on June 24, 2022	No. of Directorships in Public Companies as on March 31, 2023*	No. of Board Committee Memberships held in Public Companies as on March 31, 2023**	
							Chairman	Member
1	Mr Vijay Sankar 00007875	Chairman - Non Executive Non- Independent Director	-	5	Yes	6	0	5
2	Mr Ramkumar Shankar 00018391	Managing Director	3449	5	Yes	2	0	0

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

Sr. No.	Name of Director and DIN	Category of Director	No. of Shares held as on March 31, 2023	No. of Board meetings attended during 2022-23	Attendance at last AGM held on June 24, 2022	No. of Directorships in Public Companies as on March 31, 2023*	No. of Board Committee Memberships held in Public Companies as on March 31, 2023**	
							Chairman	Member
3	Dr Amarnath Ananthanarayanan 02928105	Non Executive Non-Independent Director	1713	5	Yes	5	0	1
4	Mr Chandran Ratnaswami 00109215	Non Executive Non-Independent Director	-	3	No	8	0	3
5	Mr Aditya Jain 00835144	Independent Director	-	5	No	3	2	3
6	Mr Sanjay Vijay Bhandarkar 01260274	Independent Director	-	5	Yes	9	5	8
7	Mr Prasad Raghava Menon 00005078	Independent Director	-	5	Yes	3	0	2
8	Dr Lakshmi Vijayakumar 09115998	Independent Director/ Woman Director	-	5	Yes	2	0	0

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

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

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

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

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

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

ID – Independent Director      NED – Non-Executive Director

**(d) Major Functions of the Board:**

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

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

**(e) Board Meetings**

During the year under review, 5 Board meetings were held and the interval between two meetings during the year was not more than 120 days.

**(f) Core Skills / Expertise / Competencies available with the Board**

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

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

- (i) Leadership
- (ii) Business Strategy & Development
- (iii) Commercial acumen
- (iv) Finance including audit, accounts and taxation
- (v) Economics and Global Business
- (vi) Sales and Marketing
- (vii) Information Technology

## REPORT ON CORPORATE GOVERNANCE (Contd.)

(viii) General Management &amp; Human Resources

(ix) Corporate Governance

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

**(g) Familiarisation Programme:**

The Company has a familiarisation programme for Independent Directors with regard to their roles & responsibilities and rights & duties in the Company, nature of the industry in which the Company operates, the business models of the Company and the strategy and plan in operation. During the year, strategic presentations were made to Independent Directors to familiarise themselves with the updates and current trends of the industry, expansion, new projects and future business projections / operations of the Company besides presentations made to Independent Directors on significant regulatory updates. Details of familiarisation programmes are available at Company's website <https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/familiarization-programme-for-ids.pdf>.

**(h) Meeting of Independent Directors**

The Independent Directors met on March 23, 2023 inter alia, to discuss the evaluation of the

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

All the Independent Directors were present at the meeting.

**(i) Code of Conduct**

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

All the Board Members and Senior Management Personnel have confirmed compliance with the Code for the year ended March 31, 2023. A declaration to this effect signed by the Managing Director is annexed to this report.

**(j) Prevention of Insider Trading:**

Company has adopted a Code of Conduct for prevention of Insider Trading to regulate, monitor and report trading by designated persons as per SEBI (Prohibition of Insider Trading) Regulations, 2015. All the Directors and designated persons who could have access to unpublished price sensitive information of the Company are governed by the said Code. An annual declaration was taken from the Directors



## REPORT ON CORPORATE GOVERNANCE (Contd.)

and designated persons, as at March 31, 2023. The Company has an Insider Trading Monitoring System which monitors the trades, if any, undertaken by Designated Persons, as also provides for obtaining pre-clearance, reporting the transactions, etc., in addition to maintenance of Structured Digital Database (SDD) in compliance with the applicable Regulations.

The Company follows closure of trading window for the end of every quarter till 2<sup>nd</sup> Trading day after communication of financial results. The Company has been advising the Designated Persons covered by the said Code not to trade in Company's securities during the closure of trading window period.

### 3. Committees of the Board:

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

#### (a) Audit Committee

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

##### Brief description of terms of reference

- a. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommendation to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;

- c. Review and monitor the auditor's independence and performance and the effectiveness of audit process;
- d. Approval of payments to the statutory auditors for any other services rendered by statutory auditors;
- e. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval.
- f. Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g. Scrutiny of inter-corporate loans and investments;
- h. Valuation of undertakings or assets of our Company, wherever it is necessary;
- i. Evaluation of internal financial controls and risk management systems;
- j. Approval or any subsequent modification of transactions of our Company with related parties;
- k. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- l. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- m. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- n. Reviewing the functioning of the whistle blower mechanism, in case the same is existing; and
- o. Monitoring the end use of funds raised through public offer and related matters.

#### Composition, names of members and Chairperson

The Audit Committee consists of Mr Sanjay Vijay Bhandarkar, Mr Vijay Sankar and Mr Prasad Raghava

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Menon. Mr Sanjay Vijay Bhandarkar, Independent Director, is its Chairman.

The Company Secretary acts as the Secretary of the Audit Committee

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

The Chairman of the Audit Committee was present at the last AGM on June 24, 2022 held through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

During the year Five (5) Audit Committee Meetings were held, the dates of which are as follows: May 10, 2022, August 05, 2022, November 03, 2022, February 10, 2023 and March 23, 2023

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

Name of Members	Category	No. of Meetings attended during the year 2022-23
Mr Sanjay Vijay Bhandarkar	Independent Director	5
Mr Vijay Sankar	Non-Executive Non-Independent Director	5
Mr Prasad Raghava Menon	Independent Director	5

The requisite quorum was present at the said meetings.

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

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

**(b) Nomination and Remuneration Committee (NRC)**

**Brief description of terms of reference of Nomination and Remuneration Committee**

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to

the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

- Formulating of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- Recommending to the board, all remuneration, in whatever form, payable to senior management

**Composition, Name of Members and Chairperson**

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

The Company Secretary acts as the Secretary of the NRC

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

The Chairman of the Nomination and Remuneration Committee did not attend the last AGM on June 24, 2022 held through Video Conferencing (VC) / Other Audio Visual Means (OAVM) due to pre-occupation.

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

During the year, Three (3) NRC Meetings were held on August 05, 2022, February 10, 2023 and March 23, 2023

Name of Members	Category	No. of meetings attended during the Year 2022-23
Mr Aditya Jain	Independent Director	3
Mr Vijay Sankar	Non-Executive Non-Independent Director	3
Mr Sanjay Vijay Bhandarkar	Independent Director	3

## REPORT ON CORPORATE GOVERNANCE (Contd.)

The requisite quorum was present at the said meetings.

**Performance Evaluation**

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

**Nomination and Remuneration Policy**

The Company's Nomination and Remuneration Policy, as approved by the Board of Directors, covers Directors appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and Year 2022-23, are as follows:

policy relating to remuneration for the directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company. The said policy can be accessed at Company's website <https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/nomination-remuneration-policy-and-board-evaluation-policy.pdf>.

**Implementation of the Policy**

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

**Criteria of making payments to Non-executive Non-Independent Directors**

During the financial year, no payments were made to Non- executive Non independent Directors of the Company.

**Remuneration paid to Independent Directors**

The details of remuneration paid to the Non-Executive Independent Directors, in the Financial

(In ₹ Lakhs)

Name of the Director	Sitting Fees		Commission #	Grand Total
	Board	Committees		
Mr Sanjay Vijay Bhandarkar	2.50	2.75	10.00	15.25
Mr Aditya Jain	2.50	1.75	10.00	14.25
Mr Prasad Raghava Menon	2.50	1.5	10.00	14.00
Dr Lakshmi Vijayakumar	2.50	0.50	10.00	13.00
<b>Total</b>				

# Commission for the financial year 2021-22 was paid to Independent Directors during the year under report.

**Remuneration paid to Executive Director**

Particulars of remuneration paid to Managing Director during the financial year 2022-23:

(In ₹ Lakhs)

Name of the Director	Salary, Allowances & Perquisites	Contribution to Funds	Total
Mr Ramkumar Shankar Managing Director	216.14	12.24	228.38

There is no severance pay and the notice period is four (4) months.

**(c) Stakeholders' Relationship Committee (SRC)**

The Stakeholders' Relationship Committee consists of Mr Aditya Jain, Mr Vijay Sankar and Dr Amarnath Ananthanarayanan as its members. Mr Aditya Jain, Non-Executive Director, is the Chairman of the Committee. The Committee met once during the year on February 10, 2023.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

The Company Secretary acts as the Secretary of the Committee

The Chairman of the Stakeholders Relationship Committee did not attend the last AGM on June 24, 2022 held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) due to his pre-occupation. His representative Dr Amarnath Ananthanarayanan, Member, Stakeholders' Relationship Committee attended the Annual General Meeting.

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

Name of Members	Category	No. of Meetings attended during the year 2022-23
Mr Aditya Jain	Independent Director	1
Mr Vijay Sankar	Non-Executive Non-Independent Director	1
Dr Amarnath Ananthanarayanan	Non-Executive Non-Independent Director	1

The requisite quorum was present at the meeting.

#### Name, designation, and address of the Compliance Officer:

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

#### Number of complaints received, not solved and pending

Number of complaints received during the year 2022-23	29 @
Number of complaints not solved to the satisfaction of shareholders	2
Number of pending complaints as on March 31, 2023	2 @@

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

@@ This is pertaining to the complaints from an erstwhile shareholder who was a shareholder of the Company as on November 2013. Subsequent to the close of the financial year, these complaints have been closed.

#### (d) Risk Management Committee (RMC)

##### Brief description of terms of reference

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

- a. To formulate a detailed risk management policy which shall include:
  - (i) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operation, sectoral, sustainability (particulars, ESG related risks, information, cyber security risks) or any other risks as may be determined by the Committee.
  - (ii) Measures for risk mitigation including systems and processes for internal control of identical risks,
  - (iii) Business continuity plan.
- b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risk associated with the business of the Company.
- c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- d. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- e. To keep the board of directors informed about the nature and content of its discussion, recommendations and actions to be taken.
- f. The appointment, removal and terms of remuneration of the Chief Risk Officer, (if any) shall be subject to review by the Risk Management Committee.

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

**Composition, Members and Chairperson**

The Risk Management Committee consists of Mr Aditya Jain, Mr Sanjay Vijay Bhandarkar and Mr Vijay Sankar as its members. Mr Aditya Jain is the Chairman of the Committee. The Committee met two times during the year on November 03, 2022 and March 23, 2023

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

The Company Secretary acts as the Secretary of the Committee

**Meetings and Attendance during the year**

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

Name of Members	Category	No. of Meetings attended during the year 2022-23
Mr Aditya Jain	Independent Director	2
Mr Sanjay Vijay Bhandarkar	Independent Director	2
Mr Vijay Sankar	Non Executive Non Independent Director	2

The requisite quorum was present at the meetings.

**(e) Corporate Social Responsibility (CSR) Committee**

The Committee consists of Mr Vijay Sankar, Mr Ramkumar Shankar and Dr Lakshmi Vijayakumar as its members. Mr Vijay Sankar is the Chairman of the Committee. The Committee met once during the year on March 16, 2023.

Name of Members	Category	No. of Meetings attended during the year 2022-23
Dr Lakshmi Vijayakumar	Independent Director	1
Mr Vijay Sankar	Non-Executive Non-Independent Director	1
Mr Ramkumar Shankar	Managing Director	1

The requisite quorum was present at the meeting.

The Company Secretary acts as the Secretary of the CSR Committee

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

- Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;
- Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;
- Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

**(f) Other Committees****Committee of Directors**

The Board of Directors delegated certain operating powers, such as, borrowing related matters, security creation for such borrowing, authorisation for various matters to executives, sale/purchase of properties in the form of land and/or buildings on an arm's length basis to and from third parties and to oversee and review the Business Responsibility and Sustainability Reporting to the Committee of Directors consisting of Mr Vijay Sankar, Chairman, Mr Ramkumar Shankar, Managing Director and



## REPORT ON CORPORATE GOVERNANCE (Contd.)

Dr Amarnath Ananthanarayanan, Director as its Members.

#### IPO Committee

The Board of Directors constituted during the financial year 2021-22, an IPO Committee at the time of Initial Public Offer to handle various matters pertaining to Initial Public Offer in August, 2021 and to determine the utilisation of proceeds of the Fresh Issue and accept and appropriate proceeds of the Fresh Issue in accordance with the applicable laws and to settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may deem fit including authorisation for opening of accounts with banks relating to the IPO and matters incidental thereto and to delegate such of its powers as may be deemed necessary to the officials of the Company.

During the year, the Committee met on January 10, 2023 to approve closure of Monitoring Agency Account.

#### 4. Whistle Blower Policy

The Company has adopted an ethical code of conduct for the highest degree of transparency, integrity, accountability, and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company. The Directors, Employees or any person dealing with the Company can play an important role in pointing out such violations of the Code.

Accordingly, this policy has been formulated with a view:

- a. To provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Audit Committee or Director who is nominated by the Audit Committee, as Ombudsman, any instance of unethical behaviour, actual or suspected fraud or violation of Company's Ethics Policy
- b. To safeguard the confidentiality and interest of such employees / other persons dealing with the Company against victimisation, who notice and report any unethical or improper practices and
- c. To appropriately communicate the existence of such mechanism, within the organisation and to the outsiders.

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

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

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

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

#### 5. Subsidiary Company / Policy on Material Subsidiaries

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

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

The Audit Committee reviews the financial statements of the subsidiary.

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

##### 5.1 Details with regard to Material Subsidiary

Name	: Chemplast Cuddalore Vinyls Limited
Date of incorporation	: April 09, 1991
Place of incorporation	: Chennai
Name of the Statutory Auditor:	: BSR & Co. LLP, Chartered Accountants Chennai
Date of appointment	: June 23, 2022 for a period of 5 years i.e., from FY 2022-23 to FY 2026-27

## REPORT ON CORPORATE GOVERNANCE (Contd.)

**6. GENERAL BODY MEETING / AGM**

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

Financial Year	Date	Location	Time
2019-20	September 29, 2020	9 Cathedral Road, Chennai 600 086	11.30 A.M.
2020-21	August 02, 2021	9 Cathedral Road, Chennai 600 086 (held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM))	3.00 P.M.
2021-22	June 24, 2022	9 Cathedral Road, Chennai 600 086 (held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM))	3.00 P.M.

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

Dates of the Annual General Meetings	Number and particulars of the Special Resolutions passed.
September 29, 2020	a. Reappointment of Mr P S Jayaraman (DIN: 00011108) as Chairman of the Company for a period of two years from April 01, 2020. @ b. Reappointment of Mr V K Parthasarathy, Independent Director for a second term of five consecutive years commencing from March 31, 2020. @@
August 02, 2021	No special resolution was passed.
June 24, 2022	No special resolution was passed.

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

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

No special resolution was passed in the last financial year through postal ballot and No special resolution is proposed to be passed through postal ballot before the ensuing Annual General Meeting.

**7. OTHERS:****(a) Related Party Transactions:**

There were no materially significant transactions with related parties during the financial year which are in conflict with the interest of the Company. Suitable disclosure as required by the IND AS 18 has been made in the notes to the Financial Statements.

The Policy on Related Party Transactions was amended to be in conformity with the regulatory updates with effect from April 01, 2022. It is uploaded on the Company's website available in the following link <https://www.chemplastsanmar.com/downloads/investor-relations/csl-policies/related-party-transaction-policy.pdf>

**(b) Risk Management**

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

**(c) Commodity or Foreign Exchange Risk and Hedging Activities**

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

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

There were no instances of non-compliances by the Company, or penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on any matter related to the capital markets during the year except the gap between two Risk Management Committee Meetings held on March 31, 2022 and November 03, 2022 exceeded 180 days and National Stock Exchange of India Limited (NSE) has advised the Company to be prudent in future in response to the clarification provided by the Company to NSE.

**(e) Disclosure by Senior Management Personnel**

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

**(f) Details of total fees paid to Statutory Auditors**

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

Type of Service	₹ in Crores
Audit Fees	0.98
Others	Nil
<b>Total</b>	<b>0.98</b>

**(g) Sexual Harassment at workplace**

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

- Number of complaints filed during the Financial Year – Nil
- Number of complaints disposed off during the Financial Year – N.A
- Number of complaints pending as on end of the Financial Year – Nil

**(h) List of Credit Rating**

The Company has obtained rating from CRISIL, India Ratings and Brickworks, during the year ended March 31, 2023

Rating Agency	Rating	Long / Short Term	Rating issued in
CRISIL	AA-/Stable	Long Term	April 2022
	A1+	Short Term	
India Ratings	A+	Long Term	Feb 2022#
	A1+	Short Term	

#Continued to be valid during the year.

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

Rating Agency	Rating	Long / Short Term	Rating issued in
CRISIL	AA-/Stable	Long Term	April 2022
	A1+	Short Term	

At the request of the Company, the credit rating agency Brickwork Ratings India Private Limited. vide its letter dated February 23, 2023 has withdrawn its rating assigned to the bank loan facilities of both Chemplast Sanmar Limited (banking facilities aggregating to ₹ 700 Crores) and its wholly-owned subsidiary, Chemplast Cuddalore Vinyls Limited (banking facilities

aggregating to ₹ 2,550 Crores), with immediate effect.

The Company is continuing to have the Ratings assigned by Crisil and India Ratings.

**(i) Recommendations of Committees to Board**

During the financial year 2022-23, the Board has accepted all the recommendations of its Committees.

**8. Certificate from Practising Company Secretary**

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

**9. Compliance with Corporate Governance Requirements**

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

**10. CEO and CFO certification**

The Managing Director (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board on financial and other matters in accordance with Regulation 17(8) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 pertaining to CEO/CFO certification for the financial year ended March 31, 2023

**11. Compliance with mandatory / non-mandatory requirements**

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

**12. Means of communication**

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

## 13. General shareholder information

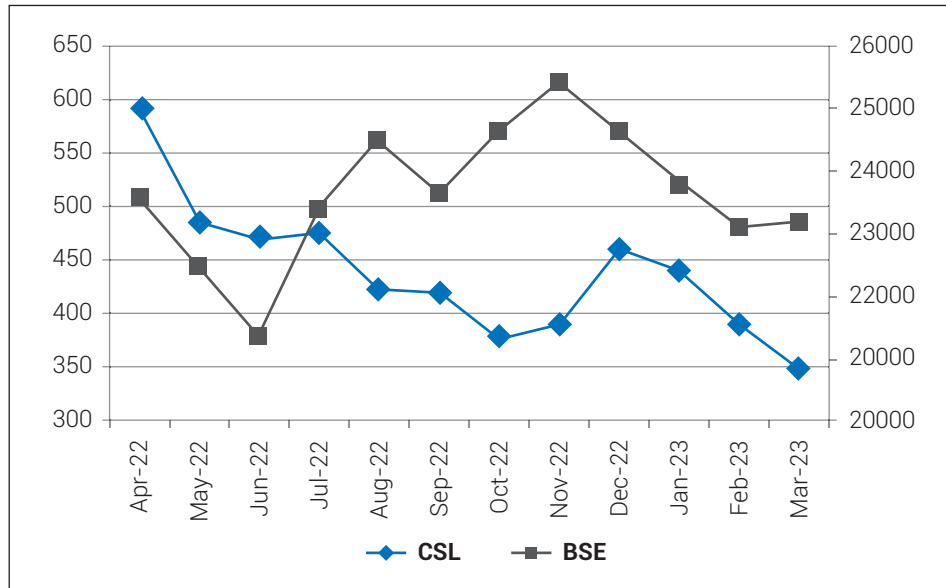
(a)	Annual General Meeting, Date, Time and Venue	Date: Friday, August 11, 2023 Time: 3.00 PM Mode: Video Conference / Other Audio Visual Means (OAVM)
(b)	Financial Year	April 01 to March 31
	Financial reporting for the quarter ending	Financial calendar (tentative)
	June 30, 2023	Before August 14, 2023
	September 30, 2023	Before November 14, 2023
	December 31, 2023	Before February 14, 2024
	March 31, 2024	Before May 30, 2024
(c)	Dividend Payment date	Not Applicable
(d)	Name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)	
(e)	Name & Address of the Stock Exchange	Stock code / Symbol
	BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	CHEMPLAST SCRIP CODE: 543336
	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Mumbai – 400 050	CHEMPLASTS
	ISIN allotted by Depositories (Company ID Number)	INE488A01050
	Annual listing fees and custodial charges for the year 2023-24 were duly paid to the above Stock Exchanges and to the Depositories.	

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

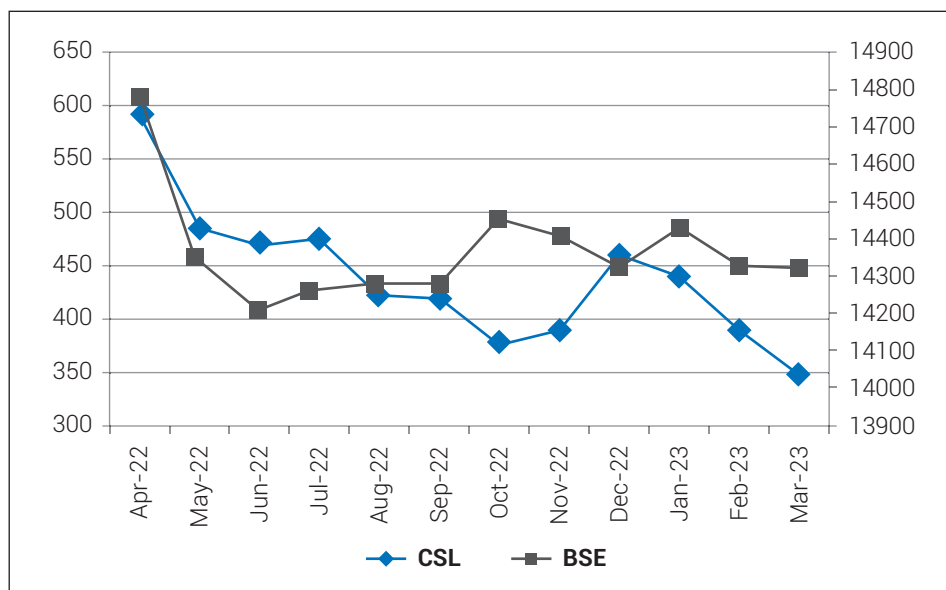
Month	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High	Low	High	Low
April, 2022	675.80	591.25	677.85	588.10
May, 2022	596.60	473.35	595.40	473.10
June, 2022	494.25	382.40	495.00	382.70
July, 2022	519.95	460.00	504.00	460.00
August, 2022	496.70	412.00	497.30	412.00
September, 2022	451.60	400.45	451.90	402.00
October, 2022	420.45	374.05	420.75	373.35
November, 2022	412.00	357.70	412.85	357.20
December, 2022	500.10	386.05	500.00	387.50
January, 2023	479.00	420.25	478.95	420.00
February, 2023	452.85	373.30	454.10	373.30
March, 2023	405.40	342.00	405.70	342.05

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

(g) CHEMPLAST SANMAR stock performance in comparison to S&P BSE Mid Cap Index is as follows:



CHEMPLAST SANMAR stock performance in comparison to NSE 500 Index



(h) Registrar to an Issue and Share Transfer Agents

Registrar & Share Transfer Agent of the Company

M/s KFin Technologies Limited, Hyderabad,

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

M/s KFin Technologies Limited

Selenium, Tower B, Plot No- 31 & 32, Financial District,

Nanakramguda, Serilingampally, Hyderabad,

Rangareddi, Telangana 500032



## REPORT ON CORPORATE GOVERNANCE (Contd.)

Phone [+91-40-67162222](tel:+91-40-67162222) / [7961 1000](tel:+91-40-79611000)

Email [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

## (i) Share Transfer System

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

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

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

(j) Investors may register complaints, if any, by emailing to [grd@sanmargroup.com](mailto:grd@sanmargroup.com).

## (k) Distribution of Shareholding

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 5000	100221	99.63	9153843	5.79
5001-10000	164	0.16	1162172	0.74
10001-20000	73	0.07	1036717	0.66
20001-30000	33	0.03	808441	0.51
30001-40000	12	0.01	414959	0.26
40001 - 50000	14	0.01	624443	0.39
50001-100000	18	0.02	1267536	0.80
100001 & ABOVE	58	0.06	143641463	90.85
<b>Total</b>	<b>100593</b>	<b>100.00</b>	<b>158109574</b>	<b>100.00</b>

## (l) Shareholding Pattern:

**Shareholding Pattern As On March 31, 2023 (Total)**

S no	Description	No. of shareholders	Total Shares	% Equity
1	Alternative Investment Fund	6	823754	0.52
2	Bodies Corporate	424	3635467	2.30
3	Clearing Members	36	18268	0.01
4	Foreign Nationals	1	27	0.00
5	Foreign Portfolio - Corp	66	11719857	7.41
6	H U F	1886	371626	0.24
7	Mutual Funds	40	39567204	25.03
8	NBFC	1	1934	0.00
9	Non Resident Indian Non Repatriable	475	384133	0.24
10	Non Resident Indians	1163	467242	0.30
11	Promoter	1	86945055	54.99
12	Promoter Group	5	10	0.00
13	Qualified Institutional Buyer	5	3576312	2.26
14	Resident Individuals	96478	10526973	6.66
15	Trusts	5	71492	0.05
	<b>Total:</b>	<b>100593</b>	<b>158109574</b>	<b>100.00</b>

## REPORT ON CORPORATE GOVERNANCE (Contd.)

## (m) Dematerialisation of shares and liquidity

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

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

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

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

As required under Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended to date, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs. There is no dividend amount liable to be transferred to Investor Education and Protection Fund.

**15. PLANT LOCATIONS**

- a. **Mettur Plant 1** – Mettur Dam RS, Salem District 636 402, Tamil Nadu, India
- b. **Mettur Plants 2, 3 & 4** – Raman Nagar PO, Mettur Dam 636 403, Tamil Nadu, India
- c. **Karaikal Plant** – Melavanjore Village, T.R.Pattinam Panchayat, Nagore 611 002, Puduchery, India
- d. **Vedaranyam Salt Works** – Sethu Rashta, Vedaranyam 614 810, Tamil Nadu, India.
- e. **Custom Manufactured Chemicals Division – Berigai Plant** – 44, Theertham Road, Berigai 635 105, Shoolagiri Taluk, Krishnagiri District, Tamil Nadu, India

**16. ADDRESS for communication**

Mr M Raman  
Company Secretary and Compliance officer  
No.9, Cathedral Road,  
Chennai – 600086  
e-mail: [mr1@sanmargroup.com](mailto:mr1@sanmargroup.com)  
Tel: 044 2812 8722

**17. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT.****Details of Unclaimed Suspense Account**

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the share suspense account as on August 24, 2021 (Listing Date)	1	27
Number of shareholders who approached the Company for transfer of shares from shares suspense account during the year	-	-
Number of shareholders to whom shares were transferred from unclaimed shares suspense account during the year	-	-
Aggregate number of shareholders and the outstanding shares in the shares suspense account as on March 31, 2023 *	1	27

\* The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain frozen till the rightful owner of such shares claim the shares

**18. LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT - NIL**

# ANNEXURE TO CORPORATE GOVERNANCE REPORT

## Declaration regarding affirmation of Code of Conduct

In terms of the requirements of Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to confirm that all the members of the Board and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2023.

Place: Chennai  
Date: May 16, 2023

Ramkumar Shankar  
Managing Director

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To

The Members

**CHEMPLAST SANMAR LIMITED**

CIN: L24230TN1985PLC011637

9, CATHEDRAL ROAD, CHENNAI – 600 086

Dear Members

We have examined the compliance of conditions of Corporate Governance by **CHEMPLAST SANMAR LIMITED** ("the Company") CIN: L24230TN1985PLC011637 for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (SEBI LODR).

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

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, we certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However we note that the gap between two Risk Management committee meetings held on March 31, 2022 and November 03, 2022 exceeds 180 days and National Stock Exchange of India Limited (NSE) has advised the Company to be prudent in future in response to the clarification provided by the Company to NSE.

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

Place: Chennai

Date: May 09, 2023

Signature:

**Name of Company Secretary in practice: CS Dr. B Ravi**

FCS No.: 1810 CP No.: 3318

**B RAVI & ASSOCIATES**

Firm Registration Number: P2016TN052400

Peer Review Certificate Number: 930/2020

UDIN: F001810E000273125

## CERTIFICATE FROM MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The Board of Directors  
CHEMPLAST SANMAR LIMITED

We hereby certify that

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2023 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For CHEMPLAST SANMAR LIMITED

Place: Chennai  
Date: May 16, 2023

**Ramkumar Shankar**  
Managing Director

**N Muralidharan**  
Chief Financial Officer



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

Based on the scrutiny of relevant records, forms, returns and information provided by **CHEMPLAST SANMAR LIMITED** (the 'Company'), CIN: **L24230TN1985PLC011637**, having its registered office at 9, Cathedral Road, Chennai – 600 086 and verification of disclosures and declarations given by the Directors under applicable statutes and also based on the verification of facts regarding the Board of Directors of the Company, available in the public domain, we hereby certify that as on March 31, 2023, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

Place: Chennai  
Date: April 29, 2023

Signature:  
Name of Company Secretary in practice: CS Dr. B Ravi  
FCS No.:1810 CP No.:3318

**MANAGING PARTNER**

**B RAVI & ASSOCIATES**

Firm Registration Number: P2016TN052400

Peer Review Certificate Number: 930/2020

**UDIN: F001810D000153907**

# ANNEXURE A

## MANAGEMENT DISCUSSION AND ANALYSIS:

### Economic Overview

Over the past couple of years, the world economy has faced a number of overlapping crises, including the recent liquidity issues stemming from a series of global banking crises. While the impact appears to have been contained, these uncertainties continue to undermine the confidence among consumers and businesses to spend, therefore impacting economic growth.

Despite these challenges, the Indian economy has undergone a remarkable transformation and the country has positioned itself as a global economic powerhouse. India's economic growth is driven by a surge in domestic consumption, rise in capital expenditure, foreign investments, supportive Government policies, a thriving manufacturing sector, and impressive export performance. According to the World Bank, in 2022 India emerged as one of the fastest-growing economies in the world and currently ranks as the fifth-largest economy, with a Gross Domestic Product of around USD 3.5 Trillion as of March 2023.

Although headline inflation is elevated, according to the World Bank and the Reserve Bank of India (RBI), it is projected to ease to an average of 5.2% in 2023-24 from around 6.6% in 2022-23, amid easing global commodity prices and moderation in domestic demand. The RBI has withdrawn accommodative measures to rein in inflation by hiking the policy interest rate. India's financial sector also remains strong, buoyed by improvements in asset quality and robust private-sector credit growth.

### Outlook

#### Real GDP Growth

Year	2022	2023	2024
Projection	6.8%	5.9%	7.3%

According to the April 2023 World Economic Outlook published by the International Monetary Fund (IMF), the Indian GDP is expected to grow at 6.8% in 2024. This growth is expected to be supported by numerous initiatives such as Atmanirbhar Bharat, Make in India, Digital India, Skill India, and Startup India, launched by the Government to promote economic growth, self-reliance and development in the country.

To further promote growth and development, the Indian Government is focussing on increasing capital expenditure. The Union Budget for 2023-24 has prioritised four key areas, namely Gati Shakti, Inclusive Development, Productivity Enhancement, and Financing of Investment. These initiatives aim to improve the country's infrastructure, enhance productivity, and provide accessible and sustainable growth for all. Moreover, the capital expenditure was increased by 33%, amounting to ₹ 10 Lakh Crores and constituting

3.3% of GDP. This substantial investment in infrastructure is expected to have a significant positive impact on the economy and drive sustainable growth. In addition to infrastructure, the Government's focus on green growth, and financial sector reforms demonstrates its commitment to strengthening India's self-reliant growth engine for the future. With these measures in place, the Indian economy is well-positioned to attract more investments and create new job opportunities, which will further drive growth and development in the country.

In April 2023, the RBI paused the trend of raising the key benchmark policy rate after six consecutive increases, thereby retaining the benchmark interest rate at 6.5%. This move was intended to offer greater reassurance and leeway to the market, while aiding in the stabilisation of the economy by mitigating inflationary tensions.

However, factors like slower consumption growth, challenging external conditions, rising borrowing costs and sluggish income growth are expected to weigh on private consumption, and could constrain the overall growth and development of the Indian economy.

(Source: [World Economic Outlook, April 2023: A Rocky Recovery \(imf.org\)](https://www.imf.org/external/pubs/ft/weo/2023/01/weo202301.pdf))

<https://pib.gov.in/PressReleasePage.aspx?PRID=1895289>  
<https://www.worldbank.org/en/news/press-release/2023/04/04/indian-economy-continues-to-show-resilience-amid-global-uncertainties>)

### Company Overview

Chemplast Sanmar Limited (referred to as 'CSL' or 'Chemplast' or 'the Company') is a leading Speciality chemicals manufacturer in India with a focus on Speciality Paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is the largest manufacturer of Speciality Paste PVC resin in India. In addition, CSL is also the fourth-largest manufacturer of Caustic Soda and the largest manufacturer of Hydrogen Peroxide in South India and the oldest manufacturer of chloromethanes in India. Further, the Company's wholly-owned subsidiary, Chemplast Cuddalore Vinyls Limited (CCVL), is the second-largest manufacturer of Suspension PVC resin in India and the largest manufacturer in South India.

CSL has a strong focus on sustainability and safety. The manufacturing facilities are certified ISO 9001:2015 for quality management systems and ISO 45001:2018 for Occupational, Health and Safety Management Systems. In addition, CSL and CCVL have received the 'Responsible Care' certification for maintaining best practices in operations.

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

The coastal units at Karaikal (CSL) and Cuddalore (CCVL) have desalination units which ensure that the water required for operations is drawn only from the sea and no groundwater is drawn. The Company has also adopted 'zero' liquid discharge at all the manufacturing facilities, wherein no treated effluent from manufacturing operations is discharged onto the land or into any water body. CSL has also voluntarily conducted yearly sustainability audits for all the manufacturing facilities since 2010-2011.

**Human Resource**

CSL recognises that its employees are a key asset and that investing in them will enable it to create value for all its stakeholders. As the Company expands and executes new projects, it places significant emphasis on recruitment, successfully attracting professional talent to fill positions at various levels. The Management of CSL is committed to creating a supportive and nurturing work environment through various employee engagement programmes, enabling employees to excel in their respective fields. CSL also engages a diverse workforce, as its human resources department organises training and development programmes to enhance skills and knowledge. As of March 31, 2023, the Company had a total of 1219 permanent employees.

**SPECIALITY CHEMICALS****Speciality Paste PVC Resin**

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

Essentially, PVC resins can be classified into:

- (a) Suspension resin
- (b) Speciality Paste resin, also called emulsion or dispersion resin or micro-suspension resin; and
- (c) Copolymer resin.

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

CSL is the largest manufacturer of Speciality Paste PVC resin in India, with an installed production capacity of 66 kt per annum (ktpa) as of March 31, 2023. The manufacturing facility is located at Mettur, Tamil Nadu. CSL is also expanding the Speciality Paste PVC resin capacity by 41 ktpa at Cuddalore, Tamil Nadu, which will further cement its leadership position in India.

According to CRISIL Research, the market for Speciality Paste PVC resin in India was around 143kt in 2019-20. This is forecasted to grow to around 180ktpa by 2024-25. As against this, current domestic production is only around 80ktpa, thus resulting in a gap of over 60ktpa which is being met through imports. This gap is expected to increase to around 100ktpa by 2024-25.

**2022-23 Review**

The domestic demand for Speciality Paste PVC resin in 2022-23 registered a strong growth of 17%, reaching 163kt, compared to 139kt in 2021-22. The recovery in auto sector and foot wear segment fuelled the growth in demand for Replace with Speciality Paste PVC resin. In the recent past, downstream processing industry in the NCR region used to face curtailed operations in Q3 – the spike in air pollution around this time used to trigger the regulatory authorities into curtailing the use of coal. However, this year, with many of the leather cloth units shifting to gas based fuel, operations could continue mostly unhindered.

In contrast to India, the demand in US and Europe was weak due to high inflationary pressures and rising interest rates while Chinese demand was also pretty low due to frequent lock downs. Though China lifted Covid-19 pandemic lock down restrictions post lunar holidays, the demand was sluggish resulting in China exporting more and more material to India. In this scenario, from the middle of 2022-23, international prices started falling at regular intervals, thus pushing processors to buying on 'just in time' basis. The price reduction was also facilitated by ocean freight rates reverting to near earlier levels. Prices fell by 37% during the course of the year.

The Company recorded the highest ever production and sale of speciality Paste PVC resin during FY 23.

**Outlook**

The demand is expected to be robust during FY 2023-24. Post-Covid-19, the spending on travel and foot wear segment is certainly on an increasing trend. Use of light weight luggage and high fashion shoes are trending now. Increasing demand for eco-friendly products will promote use of artificial leather products that are also affordable. The increasing population and affordability will give a boost to processors to look for new developments in usage of leather cloth. The processing industry also is constantly upgrading technology, quality and product designs, thus opening

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

up greater export opportunities. New units are also constantly being set up.

In view of the above, it is expected that the demand will continue to be robust and the expanded volumes from the new facility can cater to the increased demand. Prices and consequently margins however, will continue to be under pressure and will improve only when the flood of low-priced imports from China ceases, on a recovery of the local demand in that country.

### Custom Manufactured Chemicals

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

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

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

### 2022-23 Review

The Custom Manufactured Chemicals Division (CMCD) has registered an impressive growth in sales of existing products during the year mainly driven by strong demand from various end customers. The Company has received a sustainability award from one of our key customers. This would further help us to strengthen our relationship with the customer by securing more new products. During the year, the Company received confirmation from one of its customers that it has been selected to supply an advanced intermediate for an already established generic AI. Letter of Intent (LOI) for this was signed in April 2023. Based on this development, along with the signing of an LOI for another intermediate signed in November 2022 and a healthy pipeline of products, the Company decided to kick-start the next phase of expansion of the multi-purpose facility. While Phase 1 is expected to come on stream by Q2 of the next financial year as originally

scheduled, the Company is targeting to commission the next phase before the end of next financial year.

### Outlook

India is estimated to have around 50% share of global Agri CDMO market by 2027 which gives enough head room for the existing players. The demand for custom manufacturing has shifted to the developing countries due to better cost economics as compared to developed economies. The demand for custom manufacturing catered to by Indian manufacturers is likely to grow with India becoming a key supplier. The Covid-19 pandemic has further strengthened the demand for pharmaceutical custom manufacturing in the country, with global pharmaceutical giants outsourcing vaccine manufacturing to Indian players in addition to stronger demand for various medicines. The demand for custom manufacturing in agrochemical space is also likely to see a boost with discovery of new and improved pesticides, herbicides and fungicides getting more traction. Key drivers of India's market share gain is on account of energy crisis in Europe, increasing EU regulatory constraints, decreasing trust on Chinese supply chain reliability and growing trust of Indian players to work with complex chemistries. India will be a focus region as companies move away from China. The downturn observed in China's speciality chemicals industry is serving as an opportunity for Indian manufacturers, who have now gained a cost advantage over their Chinese counterparts. The changing regulatory and policy environment in China has led global companies to diversify supply risk, thereby improving export opportunities for Indian players. This is because very few countries, other than India, have the requisite scale, technology, raw materials and government support to capture this opportunity.

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

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

gives the Company an opportunity to be among the initial suppliers for such products to the innovators.

- **Other Chemicals**

#### Chloromethanes

Chloromethanes are used as solvents in pharmaceutical manufacturing, in the making of refrigerant gas, and in agrochemicals. Chloromethanes are largely divided into four types of products - Methyl Chloride, Methylene Di Chloride ('MDC'), Chloroform and Carbon Tetrachloride ('CTC'). The pharma sector accounts for the largest share in MDC demand, where it is used as a solvent. MDC also has other applications, such as in foam blowing segments, aerosols, polycarbonate resins and adhesive formulations. Besides, it is a key raw material for HFC 32, increasingly used as a refrigerant in air conditioners. CTC is used as a feedstock in agrochemical intermediates. Chloroform finds use in the production of tetrafluoro ethylene that goes to make polymers such as PTFE, used as a non-stick coating on pans and other cookware. These are also used in containers and pipes for storing corrosive chemicals. Chloroform is also widely used in making R22 and other refrigerant gases.

#### 2022-23 Review

The year 2022-23 began amidst the backdrop of the less virulent 'Omicron' strain of Covid-19 with marginal impact across various consumption segments. Demand for Chloromethanes (CMP) began on a steady note, especially in the key pharma sector. Off-take from the adhesive and foam sector continued to remain good as well. Tight availability coupled with lower import arrivals and high energy prices in Europe gave impetus to firm domestic prices in the early part of the FY. New capacities were set up by other companies during the year, to an extent of around 200ktpa. Start-up and stabilisation issues kept the operating rates of the new plants low, thereby supporting firm prices till the end of Q3.

The real impact of additional capacities were felt during the last quarter of the year as full operating rates coupled with limited export order book with local producers led to price crash in both MDC and Chloroform. The demand slump was more pronounced in CTC with synthetic pyrethroids segment witnessing a much sharper drop in demand from the end of Q3, as their exports to major markets in Latin America and Europe were severely impacted by drought conditions.

Overall domestic demand for MDC grew by 7% from 345kt to 370kt during the year, driven by the Pharma sector which remains as the single-largest consumption sector.

Chloroform demand grew by 17% from 155kt to 181kt during the year, driven by PTFE demand.

CTC demand contracted by 19% from 27kt to 22kt during the year.

The Company's production of Chloromethanes stood at 34,971 mt, while sales, excluding captive consumption, was 32,826 mt during the year.

#### Outlook

The Indian CMP market witnessed an increase in supply with the addition of 200ktpa by two players during 2022-23. As supply is in excess of demand, the price erosion witnessed in 2022-23 is likely to linger in the immediate ensuing quarters before demand catches up.

The long-term demand outlook however is quite positive. Pharma sector continues to be the major consumer segment for CMP, especially MDC and Chloroform. India ranks among the lowest in per capita healthcare expenditure globally, which is a clear indicator of the growth potential. PLI schemes announced by GoI through DoP (Department of Pharmaceuticals) for critical Bulk Drugs (₹ 6,940 Crores), Medical Devices (₹ 3,420 Crores) and pharmaceutical drugs worth ₹ 15,000 Crores will all provide impetus for growth given the Govt's pitch for a 'Make in India' campaign. Hence demand for MDC and Chloroform is likely to remain robust going forward.

Demand for CTC continues to remain sluggish due to low export orders for Synthetic Pyrethroids from Europe and LatAm markets like Argentina and Brazil, as these countries faced a severe drought situation last year. This trend is expected to continue till at least the end of second Quarter, after which a revival is likely as export demand for the new season is expected to be normal. With increased HFO production in India, another opportunity has opened up for CTC which is encouraging in the long-run.

#### Caustic Soda

Caustic Soda and Chlorine are joint products manufactured by the electrolysis of brine, with hydrogen being produced as a by-product. Caustic Soda is a basic chemical which is used in a variety of industries and is a significant building block for many



## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

products, while chlorine is a key feedstock for a variety of products. The major end-use industries for Caustic Soda and Chlorine include textiles, chemicals, paper, PVC, water treatment, alumina, soaps and detergents, and chlorinated paraffin wax. The Company has manufacturing facilities of caustic soda at Mettur and Karaikal with a total capacity of 119 ktpa.

### 2022-23 Review

Being a very basic alkali with a strong correlation between consumption and economic activity, Caustic Soda witnessed a steady demand at the start of the new FY. However, by the end of Q1, higher yarn prices forced several small and mid-sized textile processors in the South to cut down operating rates or shut plants due to unviable cost economics. Hence, demand from this sector started witnessing a downward trend whilst other segments like paper & pulp, alumina and ETPs exhibited a steady demand for the product.

The year also saw stabilisation of new capacity set up in 2021-22, and the commissioning of additional capacity in the western part of the country. Drought / energy crisis in Europe gave an opportunity for domestic producers especially in the West to book huge export orders during the period between Aug-Oct'22 which supported firm domestic prices as availability became tighter. Prices started softening again from the beginning of the last quarter as limited export order book with domestic producers forced them to drop prices locally to control inventories.

The Company's production of Caustic Soda was 1,03,032 mt while sales, excluding captive consumption, stood at 98,677 mt during the year.

### Outlook

The Caustic Soda market in India remains in a long position, as capacity additions continue without interruption, in line with steady demand. With export opportunities to Europe and US drying up with recessionary conditions in both geographies, prices are likely to stay subdued through the whole of 2023-24.

While the demand for Caustic Soda continues to remain good from the alumina, paper and pulp sectors, the textile sector continues to see headwinds as higher yarn prices coupled with lower export orders have forced several small and mid-sized units to scale down production.

### Hydrogen Peroxide

Hydrogen Peroxide is mainly used in the pulp & paper industry for bleaching pulp and de-inking recycled paper. It is also used in textiles, electronics, food and beverages, & healthcare industries. Along with peroxyacetic acid, Hydrogen Peroxide is one of the important components in manufacturing peroxide-based disinfectants. It is also used in various municipal and industrial applications. CSL has installed capacity of 34 ktpa (50% basis) and is the largest manufacturer of hydrogen peroxide in South India.

### 2022-23 Review

During the year under review, the Company gradually enhanced sales of Hydrogen peroxide to textile and paper & pulp sectors. Domestic availability was tight in the second and third quarter due to curtailed production from a couple of domestic producers on the back of restricted supply of gas, in addition to lower imports from Bangladesh (due to a safety incident at their container terminal). These factors had a positive impact which enabled us achieve month on month higher volumes and finally culminated in highest monthly sale of 2,528 mt in December 2022. However, production was moderated in the fourth quarter based on make-or-buy economics along the caustic chain.

The Company's production of hydrogen peroxide was 25,284 mt while the sale was 25,316 mt during the year.

### Outlook

The growth of the paper & pulp industry will contribute to the demand for hydrogen peroxide. While the textile market's long-term growth will be driven by factors such as rising population, income levels, organised retail, and e-commerce. It is expected that the market size would expand as hygiene improvement would continue to be one of the main factors that would drive the size of the market in the future. This offers a new and developing market for hydrogen peroxide due to its ability to kill bacteria, viruses and fungi.

### Chemplast Cuddalore Vinyls Limited (Subsidiary Company) (CCVL)

#### Suspension PVC

Suspension PVC is used in both rigid and flexible applications. Pipes, profiles and roofing sheets are typical examples of rigid applications while flexible hoses, tubings, wires and cables, calendared sheets

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

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

**2022-23 Review**

Domestic demand was very healthy in 2022-23, registering a growth of over 30% to 3.75 million mt, though demand in Q2 and Q3 was a bit low. However, the year witnessed consistent decline in price as demand in the rest of the world collapsed for a variety of reasons - US demand from construction segment started to slow down due to increase in mortgage rates and high inflationary pressures and European demand was down due to higher energy prices and recessionary conditions. Above all, China demand did not recover even after lifting of Covid-19 lockdowns.. With prices coming down month on month, processors started buying only on 'need basis' with everyone in the supply chain attempting to hold very minimal inventory. This resulted in demand slow down in Q2 domestic demand started to recover in Q3 as customers felt the prices had bottomed out and restocking started taking place. The demand from construction sector was at its peak in Q4 with the push to complete the projects under Jal Jeevan Mission giving further impetus.

As international prices continued to drop, domestic prices also followed suit and fell by 41% by Mar'23 compared to the prices that prevailed during Apr'22.

CCVL recorded the highest ever production and sale during FY. Production increased to 3,24,007 mt from 2,97,657 mt during 2021-22, while sales increased to 3,25,007 mt from 2,99,268 mt in FY 22.

**Outlook**

The demand from construction and water supply sectors is expected to remain strong in 2023-24 also. The current moderate price levels will also give a fillip to usage of PVC products. The government's push for ISI marked pipes will result in lower filler usage and higher PVC consumption.

The Government of India has been taking various initiatives to provide tap water connections to every household by 2024. The following initiatives by the government are expected to propel the demand for PVC resin in India.

- Jal Jeevan Mission (JJM)
- Jal Shakti Abhiyan: Catch the Rain (JSA:CTR) – 2022
- The extension of PMKSY from 2021-22 to 2025-26 has been approved by the Government of India, with an overall outlay of ₹ 93,068.56 Crores
- Amrut 2.0 Scheme

The growth in investments in real estate sector in Tier II and Tier III cities is expected to boost the demand for PVC plumbing pipes and fittings. uPVC windows and doors are also catching up very well with most real estate developers. Completion of all Central Government's projects will gain urgency with the impending elections in 2024. All these augur very well for demand for Suspension PVC resin in India.

On the price front, recovery will greatly depend on demand recovery in China, US and EU.

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

## Risk and Mitigation

Risk Category	Risk Description	Mitigation Strategy
Environmental Risk	The Company's operations have an environmental impact that extends beyond the disposal of chemicals. Energy consumption and waste generation are also significant factors that contribute to the Company's overall impact on the environment.	Chemplast is committed to reducing its environmental footprint through a range of initiatives, including investing in advanced pollution control technologies, implementing sustainable practices, and adhering to environmental regulations. This proactive approach showcases the Company's dedication to responsible and eco-friendly operations.
Health and Safety Risk	Exposure to hazardous materials, including chemicals, can pose a significant risk to both employees and members of the surrounding community, potentially leading to serious health problems.	Chemplast prioritises the safety and well-being of its employees and the community. It enforces strict safety protocols and provides regular training on safety procedures. The Company conducts regular health assessments and provides personal protective equipment (PPE) to employees to help protect them from potential hazards in the workplace. Safety audits and ongoing training demonstrate its commitment to ensuring a safe work environment. The Company subjects itself to stringent safety audits by reputed international organisations like the British Safety Council and all its plants at Mettur and Cuddalore have been awarded the Five Star rating by the British Safety Council.
Supply Chain Risk	Owing to the nature of its business, Chemplast is heavily reliant on its supply chain for the sourcing of raw materials, research and development, distribution, and delivery of its products. Disruptions to the supply chain, stemming from either natural disaster or geopolitical tensions, could impact the availability and cost of critical inputs.	Chemplast has demonstrated resilience in managing its supply chain by maintaining strong relationships with its suppliers and ensuring visibility and traceability despite the challenges. The Company diversified its sources, monitored and evaluated performances, collaborated with industry players, and invested in technology to ensure a seamless functioning of its supply chain.
Financial Risk	Chemplast faces potential losses due to market conditions like commodity price fluctuations, tax rates, currency rates, or supply and demand imbalances.	Chemplast has hedging strategies, prudent financial management, and revenue stream diversification. It expands into other global regions and products, while leveraging a strong network. The Company maintains regular communication with its stakeholders, suppliers, and clients to stay updated on market trends and changing demands, enabling it to stay ahead of the curve.
Regulatory Risk	Chemplast, being in a highly regulated industry, recognises the potential consequences of non-compliance with regulations and standards, which could lead to fines, legal penalties, and reputational damage.	Chemplast has reliable compliance management systems, including monitoring and auditing procedures, to ensure continued adherence to regulatory requirements. The Company stays up-to-date with modifications to regulations and adapts procedures accordingly to minimise regulatory risk and protect its financial performance and reputation.

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

## Financial Performance

Summary of the financial performance is presented below:

Particulars	₹ Crores			
	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Sales and other income	2,222.42	2,044.81	5,020.97	5,949.47
Profit before interest, depreciation and taxes	331.53	660.20	548.03	1,254.29
Profit/(Loss) before tax and exceptional items	216.49	433.63	252.01	795.55
Exceptional items	(49.80)	-	(80.50)	-
Profit/(Loss) before tax	166.69	433.63	171.51	795.55
Tax expenses	(21.12)	(54.15)	(19.16)	(146.90)
Profit/(Loss) after tax	145.57	379.48	152.35	648.65

## Financial Performance – Standalone

On a standalone basis, the revenue from operations and other income increased to ₹ 2,222.42 Crores for 2022-23 from ₹ 2,044.81 Crores in 2021-22. The increase is primarily driven by trading income from sale of Vinyl Chloride Monomer (VCM) to its subsidiary CCVL, higher volumes of almost all the products and increase in revenues of the Custom Manufacturing business. Profit before tax and exceptional items for 2022-23 was ₹ 216.49 Crores against ₹ 433.63 Crores in 2021-22. Although the Company achieved a revenue growth of 9% when compared to 2021-22, the drop in profit before tax and exceptional items is mainly due to significant drop in margins and increase in energy costs.

The steep reduction in profit before tax was partially offset by reduction in finance cost by ₹ 113.11 Crores. The reduction in finance cost was primarily due to interest on non-convertible debentures in 2021-22 which were repaid in full at the end of Aug 2021 by utilising the proceeds from the IPO.

The Profit after Tax and exceptional items for 2022-23 was ₹ 145.57 Crores, as against ₹ 379.48 Crores in 2021-22.

## Financial Performance – Consolidated

On a consolidated basis, the revenue from operations and other income stood at ₹ 5,020.97 Crores for 2022-23 against ₹ 5,949.47 Crores in 2021-22. The profit before tax and exceptional items for 2022-23 was ₹ 252.01 Crores against ₹ 795.55 Crores in 2021-22. The drop in revenue and profits on a consolidated level was mainly due to steep drop in the prices of Speciality Paste PVC, Suspension PVC and Chloromethane products, coupled with an increase in energy costs.

The steep reduction in profit before tax was partly offset by reduction in finance cost by ₹ 167.59 Crores. The reduction in finance cost was primarily due to interest on non-convertible debentures in 2021-22 which were repaid in full at the end of Aug 2021 by utilising the proceeds from the IPO. The Profit after Tax for 2022-23 was ₹ 152.35 Crores, as against ₹ 648.65 Crores in 2021-22.

## Risk Assessment and Management

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

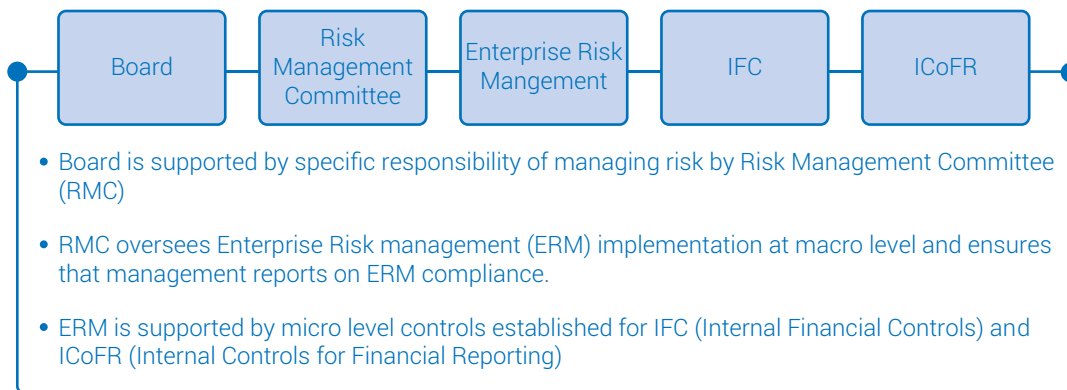
The Risk Management Policy of the Company as recommended by the Risk Management Committee and approved by the Board of Directors of the Company can be accessed on the Company's website: [www.chemplastsanmar.com](http://www.chemplastsanmar.com). The risk management system of the Company ensures that all risks that the organisation faces including strategic, financial, credit, market, liquidity, security, property, legal, regulatory, IT, reputational and other risks are identified and the impacts are then assessed. Mitigation plans are then drawn up and these plans are effectively reviewed and implemented, thus minimising the impact on the Company's operations and reputation. CSL's commitment to risk management underscores its focus on sustainable growth, while reinforcing its firm dedication to deliver value to its stakeholders.

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

## Chemplast's Risk Management Philosophy



## Hierarchy of Risk Management



## Risk Classification

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

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

## Risk Categorisation

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

- I. Priority risks
- II. Key risks
- III. Managed risks
- IV. Low risks

For each of the risks, mitigation plans have been drawn down and reviewed periodically including the implementation status of mitigation plans. periodic assessment of ERM is carried out to identify any new risks due to major change in the business model, external environment, Govt. regulations, etc.

## 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 2022-23 was carried out by R.G.N. Price & Co., Chartered Accountants covering all significant areas of operations. All significant observations of the Internal



## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

Auditors are placed before the Audit Committee together with corrective actions.

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

**Personnel**

The Company places immense importance on employee well-being, providing better tools, technology, and techniques to enhance performance, while also ensuring occupational safety and health at workplaces and manufacturing sites. A culture of learning, sharing, and assisting others is fostered, emphasising the importance of having a growth-oriented mindset. Chemplast's commitment to personnel development has enabled it to attract and retain skilled employees, ensuring continued growth and success. The Human Resource department consistently strives to maintain constructive work relationships, fostering a positive work environment.

Industrial relations with employees remained cordial during the year. Human Resource Development activities continued to receive considerable attention. The emphasis

was on imparting training and developing the skill set of employees to enable them face the challenges in an increasingly complex work environment. The total number of permanent employees working as of 31 March, 2023 was 1,219.

**Cautionary statement**

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

**Financial Ratios**

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

Analytical Ratios	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Remarks
Trade Receivables Turnover Ratio	Net Sales	Avg. Trade Receivable	10.07	16.20	(37.84)	The ratio is lower in Mar 2023 mainly on account of higher trade receivables as of 31 March, 2023 from trading activity of ₹ 115 Crores (Mar 22 – Nil).
Interest Coverage Ratio	EBIT	Interest & Lease Payment	6.35	4.07	55.83	Ratio higher in 2022-23 on account of pre-payment of debentures out of the IPO proceeds during Sep 2021.
Current ratio	Current Assets	Current Liabilities	1.68	2.01	(16.42)	
Debt-Equity Ratio	Total Debt	Stakeholders' Equity	0.06	-		During 2021-22, the Company repaid the entire debt out of the IPO proceeds, hence the debt equity ratio was zero in March'22.

## MANAGEMENT DISCUSSION AND ANALYSIS: (Contd.)

Analytical Ratios	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Remarks
Net Profit Margin	Net Profit after Taxes	Revenue from Operations	6.63%	18.86%	(64.85)	Reduced price realisation of Paste PVC, Suspension PVC and Chloromethanes products, coupled with increased cost of power & fuel has led to lower profits and consequent reduction in net profit margin.
Return on Net Worth	Net Profit after Taxes	Net Worth	3.69%	9.99%	(63.06)	Net profit after tax in 2022-23 is lower by around 62% compared to 2021-22. Hence lower ratio.

# Business Responsibility And Sustainability Report



## SECTION A GENERAL DISCLOSURES

### I. Details of the listed entity

1.	▶ Corporate Identity Number (CIN) of the Listed Entity	▶ L24230TN1985PLC011637
2.	▶ Name of the Listed Entity	▶ Chemplast Sanmar Limited
3.	▶ Year of incorporation	▶ March 13, 1985
4.	▶ Registered office address	▶ 9 Cathedral Road, Chennai-600086
5.	▶ Corporate address	▶ 9 Cathedral Road, Chennai-600086
6.	▶ E-mail	▶ csl@sanmargroup.com
7.	▶ Telephone	▶ +91 44 2812 8500
8.	▶ Website	▶ www.chemplastsanmar.com
9.	▶ Financial year for which reporting is being done	▶ 2022-23
10.	▶ Name of the Stock Exchange(s) where shares are listed	▶ (a) BSE Limited ▶ (b) National Stock Exchange of India Limited.
11.	▶ Paid-up Capital	▶ ₹ 79,05,47,870/-
12.	▶ Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	▶ Mr Ramkumar Shankar ▶ DIN 00018391 ▶ Managing Director ▶ Ph: +91 44 2812 8500 ▶ Email: grd@sanmargroup.com
13.	▶ Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	▶ Standalone basis

II. Products/services

14. DETAILS OF BUSINESS ACTIVITIES (ACCOUNTING FOR 90% OF THE TURNOVER):

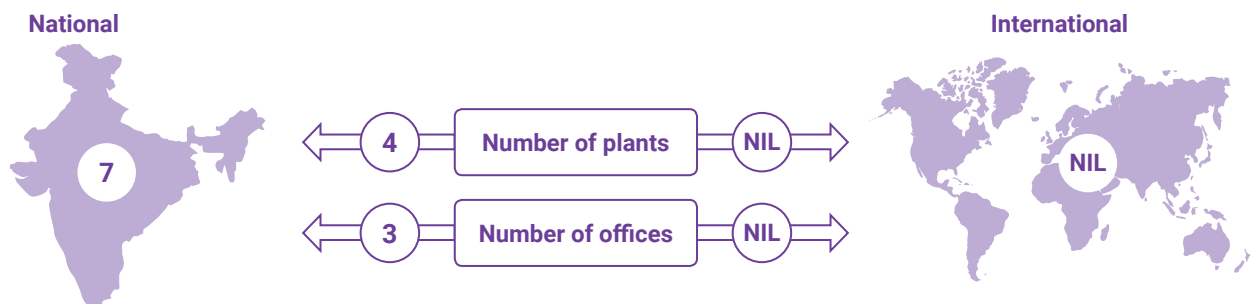
S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Basic Chemical Elements		39%
2.	Organic and inorganic chemical compounds not elsewhere classified.	Manufacture and sale of Speciality PVC resin, Caustic soda, Custom manufactured chemicals,	17%
3.	Manufacture of liquefied or compressed inorganic industrial or medical gases (elemental gases, liquid or compressed air, refrigerant gases, mixed industrial gases etc.)	Chloromethanes, Refrigerant gases, Hydrogen peroxide	2%
4.	Others		42%

15. PRODUCTS/SERVICES SOLD BY THE ENTITY (ACCOUNTING FOR 90% OF THE ENTITY'S TURNOVER):

Product/Service	NIC Code	% of total Turnover contributed
Speciality PVC resin	20116	39%
Custom Manufactured Chemicals	20119	17%
Caustic Soda	20111	28%
Chloromethanes	20116	10%

III. Operations

16. NUMBER OF LOCATIONS WHERE PLANTS AND/OR OPERATIONS/OFFICES OF THE ENTITY ARE SITUATED:



17. MARKETS SERVED BY THE ENTITY:

We cater to a wide customer base across the country except east & northeast where our presence is very minimal.

a. Number of locations



b. What is the contribution of exports as a percentage of the total turnover of the entity?

▶ Around 17% (Seventeen percent)

c. A brief on types of customers

▶ Our Customers belong to a wide gamut of Industries viz, Textile, Alumina, Paper & Pulp, Soaps & Detergents, Pharma, Agrochemicals, ETP, Air-conditioning, Profiles, Wire & Cable, Leather Cloth, Plastics, Coir Mats, Adhesives & Sealants, Gloves, Toys etc. For our Custom Manufactured Chemicals Division, the Customers include global innovator companies from the agrochemical, pharmaceutical and other fine chemical end markets.

IV. Employees



18. DETAILS AS AT THE END OF THE FINANCIAL YEAR:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	1021	995	97.45%	26	2.55%
2.	Other than Permanent (E)	8	8	100	Nil	
3.	<b>Total employees (D + E)</b>	<b>1029</b>	<b>1003</b>	<b>97.47%</b>	<b>26</b>	<b>2.53%</b>
<b>WORKERS</b>						
4.	Permanent (F)	198	198	100	-	-
5.	Other than Permanent (G)	1735	1500	86.45	235	13.55
6.	<b>Total workers (F + G)</b>	<b>1933</b>	<b>1698</b>	<b>87.84</b>	<b>235</b>	<b>12.16</b>



## b. Differently abled Employees and workers:



S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
 1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
<b>3.</b>	<b>Total differently abled employees (D + E)</b>	-	-	-	-	-
<b>DIFFERENTLY ABLED WORKERS</b>						
 4.	Permanent (F)	-	-	-	-	-
5.	Other than Permanent (G)	-	-	-	-	-
<b>6.</b>	<b>Total differently abled workers (F + G)</b>	-	-	-	-	-

## 19. PARTICIPATION/INCLUSION/REPRESENTATION OF WOMEN

	No. and percentage of Females		
	Total (A)	No. (B)	% (B / A)
<b>Board of Directors</b>	<b>8</b>	<b>1</b>	<b>12.5%</b>
<b>Key Management Personnel</b>	<b>3</b>	<b>-</b>	<b>-</b>

## 20. TURNOVER RATE FOR PERMANENT EMPLOYEES AND WORKERS

(Disclose trends for the past 3 years)

	2022-23 (Turnover rate in current FY)			2021-22 (Turnover rate in previous FY)			2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
 Permanent Employees	11.5%	-	11.5%	8%	-	8%	5%	-	5%
 Permanent Workers	-	-	-	-	-	-	-	-	-

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Names of holding/subsidiary/associate companies/joint ventures

Name of the holding/ subsidiary/ associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held in/ by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Sanmar Holdings Limited	Holding Company	54.99	No
Chemplast Cuddalore Vinyls Limited	Subsidiary Company	100	Yes

VI. CSR Details

22.

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii) Turnover (₹ Crores)	2196.68
(iii) Net worth (₹ Crores)	3958.95

VII. Transparency and Disclosures Compliances

23. COMPLAINTS/GRIEVANCES ON ANY OF THE PRINCIPLES (PRINCIPLES 1 TO 9) UNDER THE NATIONAL GUIDELINES ON RESPONSIBLE BUSINESS CONDUCT:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	As mentioned hereunder	Nil	Nil	Nil	Nil	Nil	
Investors (other than shareholders)							
Shareholders#							
Employees and workers							
Customers							
Value Chain Partners							
Other (please specify)							

# exclude the shareholders grievances/complaints with respect to the shares held by them, non-credit of shares in the demat account, non-receipt of the annual report, and the like.



### Customers

Customer complaints with respect to Product Quality / Dispatches are mailed to the concerned Marketing team either directly or through dealers/agents attached to these customers with details on batch number, invoices etc. All such complaints are accorded priority and then escalated to the concerned QC team at the plant (product quality related) or Sales Logistics team (dispatch related). For Quality related complaints, the concerned QC team members also visit the customer depending on the seriousness of the complaint and suggest corrective action either directly at the customer site or by analysing the samples of the affected material at our lab.



### Shareholders

There is a strong grievance redressal mechanism for shareholders & investors regarding the shares held by them. The complaints are attended promptly by the R & T agents and secretarial team. The Stakeholders Relationship Committee of the Board oversees and looks into grievances not resolved in the specified time frame.



### Employees & Workers

The Human Resources department of the Company has laid down the system to address the grievances of employees and workers. Their complaints can be submitted to the HR head and plant head through emails or suggestion boxes. The Company has also put in place Whistle Blower Policy and mechanism to enable the employees to raise their concerns, wrongdoing, and other irregularities noticed in the Company without any fear of reprisal or reprimand.



### Value Chain Partners & Communities

For value chain partners and communities, the complaints/Grievances on any of the principles - Principles 1 to 9 under the National Guidelines on Responsible Business Conduct, can be registered by mailing to [grd@sanmargroup.com](mailto:grd@sanmargroup.com) or by sending to respective plant heads or functional heads. The same is attended promptly by the concerned functional heads or location heads to resolve it. If any complaints remain unresolved within a reasonable time, the same is referred to the top management for resolution



**24. OVERVIEW OF THE ENTITY’S MATERIAL RESPONSIBLE BUSINESS CONDUCT ISSUES**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, and approach to adapt or mitigate the risk along with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying th risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Being a Chemical Industry, Regulatory insistence on installation of Zero Liquid Discharge (ZLD) facility	O	<ul style="list-style-type: none"> <li>▶ Reduces environmental impact.</li> <li>▶ Reduces water footprint.</li> <li>▶ Exceeds HSE standards of the customers. Reduction of effluent generation quantity at the source.</li> <li>▶ As an early adopter of ZLD technology, the Company is able to win more global contracts from customers who value EHS compliance. Moreover, future regulatory approvals for expansions become easier since the site is zero discharge.</li> </ul>	*	Positive
2	Coping with the more stringent emission level and other regulatory standards imposed by the regulating authorities	R	Financial implications of compliance with future, more stringent, standards may be significant.	<p>The Company has always been ahead of the curve in terms of environmental standards, as can be seen in the implementation of ZLD plants across all sites, desalination plants at coastal locations, proactively getting certified under Responsible Care. etc.</p> <p>This ensures that the Company is not taken by surprise by any new regulations.</p> <p>The Company has also been releasing assured Sustainability reports for more than a decade now – there is a systematic process to measure and reduce the carbon footprint as well.</p> <p>For example, the Company's thermal power plant has always been using low Sulphur coal, even before the implementation of the recent stringent SO2 emission level stipulated by the regulating authorities</p>	Negative
3	Disposal of hazardous waste to third party and effectiveness of storage, disposal.	R	<ul style="list-style-type: none"> <li>▶ Improper disposal of waste by third party.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Dispose only to authorised recycler.</li> <li>▶ Ensuring proper disposal through documentation and periodic verification by auditing the facilities.</li> </ul>	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying th risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Reducing the Carbon footprint of our Operations	O And R	Increasing focus by the public and industry for reducing Carbon footprint on the principles of sustainability	<p>Increasingly, a low carbon footprint is viewed very positively by all stakeholders, and reducing the footprint will yield benefits on multiple fronts.</p> <p>As mentioned earlier, the Company has been measuring and focusing on reducing the carbon footprint at various facilities, through many energy-saving schemes. The last few years have seen a reduction in the footprint. There is a well-defined process to measure the footprint on a monthly basis and identify measures to reduce the same.</p> <p>Some of the measures adopted to reduce our carbon footprint are detailed below:</p> <ul style="list-style-type: none"> <li>• Use of alternative fuels and renewable energy</li> <li>• Incineration of R-23 in a captive incinerator to prevent high GWP gases, which could cause global warming</li> <li>• Use of Hydrogen gas and natural gas as clean sources of energy instead of fossil fuels</li> <li>• Monitoring of Scope-3 energy and initiation of strategic actions to reduce the carbon footprint of operations in the value chain</li> <li>• Installation of microturbine at Coal Power Plant to sustain conservation of energy</li> </ul> <p>Installation of high efficiency chillers &amp; increasing steam condensate recycling at Berigai</p>	Positive
5	Health and Safety of employees and nearby Communities.	R	<ul style="list-style-type: none"> <li>▶ Exposure to chemicals can lead to health issues to employees and communities.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Implementation of Process Safety Management System to ensure system healthiness thereby minimising incidents.</li> <li>▶ Robust emergency preparedness plan and conduct of periodic mock drills.</li> <li>▶ Periodic training program for employees, contractors, and transporters on chemicals handled and safe handling in case of any emergencies.</li> </ul>	Negative
6.	Managing impacts of water stress on local	R	To mitigate impacts of water stress on the community	<p>The Company has, over the years, been focused on reducing water intake and consumption. All the sites have Zero Liquid Discharge facilities – these ensure that the entire liquid effluent is treated and reused, thereby reducing fresh withdrawal. Moreover, our coastal plants have desalination plants, thus ensuring that no groundwater is drawn for plant use. This ensures that the coastal plants do not compete with neighboring communities for precious ground water.</p> <p>Where needed, the Company also supports neighboring communities with the supply of potable water.</p>	Negative

**SECTION B MANAGEMENT AND PROCESS DISCLOSURES-**

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	Social Impact of Projects	Customer Relation
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Yes, Policies related to all principles have been approved by the Board.								
c. Web Link of the Policies, if available	<a href="https://www.chemplastsanmar.com/corporate-governance-policies.php">https://www.chemplastsanmar.com/corporate-governance-policies.php</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	The Company has translated the policies into procedures and practices wherever applicable.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Relevant policies extend to other value chain partners also								
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Over the years the Company has taken numerous initiatives to minimise Occupational Health, Safety and Environmental Risks. This is supported by "Responsible Care" Codes of practices adopted by the organisation. All the plants are certified by ISO 45001 and ISO 140001 standards which are International Occupational Health, Safety and Environment Management Systems. All the plants were awarded British Safety Council 5 Star Ratings (CMCD Berigai got 4 Star Rating), and Mettur Plant - 3 was awarded a silver Ecovadis Status by the Ecovadis International System Evaluation. Chemplast Sanmar Plant - 2 & 3 were awarded the British Safety Council Sword of Honor.								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company is committed to adhering to these principles to maintain the highest standard in levels of operations and it is an ongoing process.								
6. Performance of the entity against the specific commitments, goals and targets alongwith reasons in case the same are not met.	Not applicable								
<b>Governance, leadership and oversight</b>									
7. Statement by the director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements ( <i>listed entity has flexibility regarding the placement of this disclosure</i> )									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Committee of Board of Directors.								
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability-related issues? (Yes / No). If yes, provide details.	Yes. Committee of Directors								



**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	Compliance with statutory requirements of relevance to the principles is being reviewed periodically and non-compliance if any is being addressed with remedial action as appropriate								

11. Has the entity carried out an independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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KPMG Assurance and Consulting Services LLP have been engaged to report on the Company's Sustainability Report for 2022-23 in the form of independent limited assurance on select ESG indicators.

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Not Applicable

## SECTION C PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leading indicators may be voluntarily disclosed by entities that aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

### PRINCIPLE

### 1

**Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

#### Essential indicators

#### 1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors		As under	
Key Managerial Personnel			
Employees other than BoD and KMPs			
Workers			

#### **Directors and KMPs:**

The Company has a familiarisation program for the Directors and KMPs with regard to the nature of the industry in which the Company operates the business models of the Company, and the strategy and plan in operation. During the year, strategic presentations were made to Directors to familiarise themselves with the updates and current trends of the industry, ESG Practices, among other subjects, and operations of the Company besides presentations made to Directors on significant regulatory updates.

#### **Training to Employees and Workers :**

Regular training programs are conducted for employees and workers on various topics which included human rights, emergency handling, first aid, workplace safety, chemical safety, respiratory problems, and environment management. In the FY 2022-23 we have conducted 188 programs extending for about 2738 training hours.

2. Details of fines/penalties/punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

MONETARY		Penalty/ Fine	Settlement	Compounding fee
	NGRBC Principle			
Name of the regulatory/ enforcement agencies/ judicial institutions			Nil	
Amount (In ₹)				
Brief of the Case				
Has an appeal been preferred? (Yes/No)				

Non-Monetary		Imprisonment	Punishment
	NGRBC Principle		
Name of the regulatory/ enforcement agencies/ judicial institutions			
Brief of the Case			Nil
Has an appeal been preferred? (Yes/No)			

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

The Company has an Ethics Policy covering among others anti-corruption and anti-bribery applicable to all the employees.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

No

6. Details of complaints with regard to conflict of interest:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors KMPs Employees Workers	Nil	Nil

	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors		Nil		
Number of complaints received in relation to issues of Conflict of Interest of the KMPs		Nil		

7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

**Leadership Indicators**

1. Awareness programs conducted for value chain partners on any of the Principles during the financial year:

Suppliers' code of conduct document published and acknowledgments are being received. This document comprises Statutory compliance, Environmental compliances, Child labor, Anti-bribery etc. The Company strongly believes and insists that its value chain partners adhere to all the business responsibility principles and values of transparency and accountability.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/ No) If Yes, provide details of the same.

Yes. The Code of Conduct (the Code) sets forth legal and ethical standards of conduct for Directors and employees constituting senior management (comprising all members of the core management team one level below the Managing Director and all functional heads) Code is designed to deter wrongdoing and to promote:

- Hone, fair and ethical conduct, including the ethical handling of conflicts of interest between personal and professional relationships
- Protection and proper use of corporate assets and confidential information
- Compliance with applicable laws, rules, and regulations
- Promote internal reporting of violations of the Code

The processes to avoid/manage conflict of interest involving members of the Board are detailed in the Code of Conduct. The link for the said Code of conduct/ Policy: <https://www.chemplastsanmar.com/corporate-governance-policies.php>  
 Yearly declarations are received from Directors and Senior Management that they have abided by the Code of conduct.

**PRINCIPLE****2****Businesses should provide goods and services in a manner that is sustainable and safe****Essential indicators**

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

	Current financial year ₹ Crores	Previous financial year ₹ In Crores	Details of improvements in environmental and social impacts
R&D	1.90	1.19	<ul style="list-style-type: none"> <li>PLC-based semi-automated pilot plant will facilitate in the safe operation of new chemical processes.</li> <li>Closed handling systems and LEV systems will reduce chemical exposure to operators and help in improving Health/ Hygiene.</li> <li>TCUs will provide accurate temperature control and help in higher yields and better safety.</li> <li>Lesser effluent generation due to Mono fluid TCUs installed in comparison to conventional utility for reactors.</li> <li>Two-stage scrubber will reduce emissions to the environment.</li> </ul>
Capex	10.17	0.19	

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes. The Company believes in long term relationships with suppliers and directs concentrated efforts towards fostering its supply chain with high standards of Business integrity, Health, Safety, Human Rights, and Environmental Protection. This considerably helps in mitigating the inherent risk associated with its complex supply chain. The Company proactively engages, analyses, and evaluates the total social, economic and environmental impact of its procurement operation through the stakeholder engagement program. The Company strives to build an inclusive risk mitigation strategy and minimize the negative impacts on Business, Environment, and Society at large. The Company engages with its key suppliers on an annual basis and uses a standard questionnaire to track their environmental and social impacts. From the feedback, the Company recognises the potential risks and initiates action with suppliers towards compliance.

- b. **If yes, what percentage of inputs were sourced sustainably?**

Most of the supplies / inputs were sourced sustainably

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste, and (d) other waste.**

The Company adheres to the requirements of Plastic Waste Management Rules laid down by the Central Pollution Control Board. We have registered in the EPR (Extended Producers Responsibility) portal of CPCB. We also have processes in place for disposing of recyclable waste like e-waste, hazardous waste, and other wastes to State Pollution Control Board (SPCB) and authorized agencies.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes. All the Plants have registered in the Extended Producer Responsibility (EPR) Portal of CPCB towards compliance with Plastic Waste Management Rules, 2016 and subsequent amendments under "Brand Owner" as well as "Importer".

## PRINCIPLE

3

Businesses should respect and promote the well-being of all employees, including those in their value chains

## Essential indicators

## 1. a. Details of measures for the well-being of employees:

Category	% Percent of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	995	995	100	995	100	-	-	-	-	-	-
Female	26	26	100	26	100	26	100	-	-	-	-
<b>Total</b>	<b>1021</b>	<b>1021</b>	<b>100</b>	<b>1021</b>	<b>100</b>	<b>26</b>	<b>2.55</b>	-	-	-	-
<b>Other than Permanent employees</b>											
Male	8	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8</b>	-	-	-	-	-	-	-	-	-	-

## b. Details of measures for the well-being of workers:

Category	% Percent of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	198	-	-	198	100	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>198</b>	-	-	<b>198</b>	<b>100</b>	-	-	-	-	-	-
<b>Other than Permanent employees</b>											
Male	1500	-	-	1500	100	-	-	-	-	-	-
Female	235	-	-	235	100	-	-	-	-	-	-
<b>Total</b>	<b>1735</b>	-	-	<b>1735</b>	<b>100</b>	-	-	-	-	-	-



## 2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	32.43%	15.66%	Yes	32.43%	15.66%	Yes
Others – please specify	-	-	-	-	-	-

## 3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company as of now does not have differently-abled employees. As and when required, It will be provided for easy access to differently-abled employees. As and when required, easy access to differently-abled employees will be provided.

## 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

The Company's policies are in general designed to adhere to regulatory provisions.

## 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	-	-	-	-
<b>Total</b>				

## 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes (as explained hereinabove)
Other than Permanent Workers	Yes (as explained hereinabove)
Permanent Employees	Yes (as explained hereinabove)
Other than Permanent Employees	Yes (as explained hereinabove)

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	-	-	-	-	-	-
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-
<b>Total Permanent Workers</b>						
- Male	198	198	100	198	198	100
- Female	-	-	-	-	-	-

8. Details of training given to employees and workers:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and Safety measures		On Skill upgradation		Total (D)	On Health and Safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>EMPLOYEES</b>										
Male	995	597	60	398	40	861	718	83	438	51
Female	26	26	100	-	-	15	-	-	-	-
<b>Total</b>	<b>1021</b>	<b>623</b>	<b>61</b>	<b>398</b>	<b>39</b>	<b>876</b>	<b>718</b>	<b>82</b>	<b>438</b>	<b>50</b>
<b>WORKERS</b>										
Male	198	-	-	-	-	198	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>198</b>	-	-	-	-	<b>198</b>	-	-	-	-

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	995	842	85	861	721	84
Female	26	26	100	15	15	100
<b>Total</b>	<b>1021</b>	<b>868</b>	<b>85</b>	<b>876</b>	<b>736</b>	<b>84</b>
<b>WORKERS</b>						
Male	198	-	-	198	-	-
Female	-	-	-	-	-	-
<b>Total</b>	<b>198</b>	-	-	<b>198</b>	-	-

## 10. Health and safety management system:

### a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such system?

Chemplast Sanmar Limited has implemented and certified the ISO 45001 OHS Management system. In addition both Chemplast Sanmar Limited and Chemplast Cuddalore Vinyls Limited are implementing the latest British Safety Council Occupational Health, Safety, and Wellbeing Specification. This has been audited by the British Safety Council and a Star rating had been received. As a member of the Indian Chemical Council, we have also adopted the international Response Care Codes, and all the seven codes have been audited by ICC and the entity has been approved to use the RC Logo.

### b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

All the operational, work-related risks are managed through the well-defined Risk Management corporate guidelines. The work-related hazards are assessed through systematic risk management and opportunity for improvement approaches. Similarly, the plant & operational risks are managed through the process hazard analysis tools such as HAZOP, QRA, Hazardous area Classification, and lighting protection studies.

The routine and non-routine risk are assessed through Hazard Identification and Risk Assessment with a 5 X 5 Risk Assessment Matrix. Critical non-routine task risks are assessed through the Jobs safety analysis and task-based safety risk assessment.

### c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. Yes









The work-related hazards are reported and corrected through the following safety management systems,

- Hazard and near-miss reporting and reward system
- Plant safety inspection and report follow-up
- Safety suggestions report and reward, to improve the OHS standard at workplace
- Cross safety inspection by the team to report and correct the unsafe condition and unsafe acts
- Safety audit, inspection, survey, corrective and preventing actions follow-up system

### d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? Yes

All the employees and contractors are covered under non-occupational medical and healthcare services by the plant medical center, governed by Certified Physician in general shift and supported by staff nurses 24 X 7. In addition, the Company also has pre-employment and periodic medical examinations program.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)		Nil	Nil
		Nil	Nil
Total recordable work-related injuries		Nil	Nil
		1	1
No. of fatalities		Nil	Nil
		Nil	Nil
High consequence work-related injury or ill-health (excluding fatalities)		Nil	Nil
		Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

The organization ensures the implementation of the Occupational, Health, Safety, and Wellbeing management system of the employee and contractors through ISO 45001 and British Safety Council OHS & Wellbeing specifications. To reduce the safety risk on operation and process, we also started implementing process safety management.

The top management leadership, visibility, commitment, and plant safety review are the baseline for the success of OHS management

Annual objectives and targets are fixed for the business and each plant by the business directors and location heads.

The workplace safety and health risks are managed systematically through regular risk assessment, safety audit, safety studies, safety inspections, and reviews.

The general safety management elements such as safety committee, safety inspections, safety system audit, mock drills, safety surveys, safety training, etc. are listed in the annual plan and executed with monthly tracking and reporting to the top management.

The plant safety performances on lag and lead indicators are measured, monitored, analysed and actions are being taken with defined responsibility and target dates.

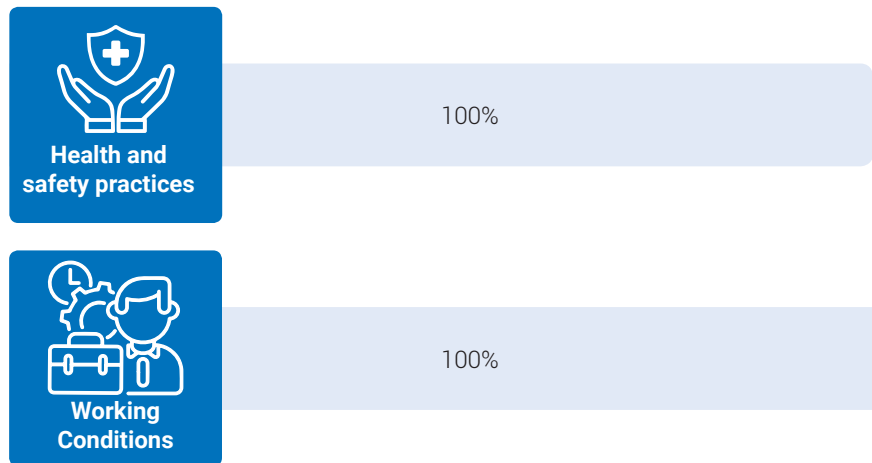
The safety performances are regularly updated and presented to the top management.

**13. Number of Complaints on the following made by employees and workers:**

	FY 22-23 (Current Financial Year)			FY 21-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions		Nil			Nil	
Health & Safety						

**14. Assessments for the year:**

**%Percent of your plants and offices that were assessed (by entity or statutory authorities or third parties)**



**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.**

There are no major or significant incidents in the entity; however, one recordable injury was investigated in detail and all the actions relevant to the incidents were closed.

All the major hazardous categorised plants had undergone IS 14489 Audit by an authorised competent person and there are no significant health and safety concerns.

Based on the recommendations of the British safety council OHS Audit, which is a voluntary initiative of the Company, all the workplaces and control room chairs has been replaced with ergonomically designed chairs.

## PRINCIPLE

4

Businesses should respect the interests of and be responsive to all its stakeholders

## Essential indicators

Key Stakeholders	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/Half yearly/Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such assignment
Employees	No	Direct & other communication mechanisms	Ongoing	Company follows an open-door policy
Customers	No	Meetings	Frequent and need based	To stay abreast of developments in the industry / products
Regulators	No	Meetings and other communication mechanisms	Need based	To stay abreast of the developments in policies and for compliances, approvals, permissions etc.
Suppliers and Vendors	No	Emails, meetings	Frequent and need based	Co-ordinate for supply of materials and ensure compliances
Business Partners (third party manufacturers)	No	Emails, meetings	Need based	Address any issues concerning manufacturing operations and supplies
Local communities	Yes	Through CSR Activities / welfare measures	Frequent and need based	Support through socially high impact projects
Investors/ Shareholders	No	Email, newspaper advertisement, website, Annual General Meetings, disclosures to stock exchanges and investor meetings/calls/conferences	Need based and Quarterly calls	To update them about important developments in the Company and address their grievances





## PRINCIPLE

5



Businesses should respect and promote human rights

## Essential indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees /workers covered (B)	% (B / A)	Total (C)	No. of employees /workers covered (D)	% (D / C)
 <b>Employees</b>						
Permanent	1219	121	9.93%	1074	-	-
Other than permanent	-	-	-	-	-	-
<b>Total Employees</b>	-	-	-	-	-	-
 <b>Workers</b>						
Permanent	-	-	-	-	-	-
Other than permanent	-	-	-	-	-	-
<b>Total Workers</b>	-	-	-	-	-	-

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
 <b>Employees</b>										
Permanent										
Male	995	-	-	995	100	861	-	-	861	100
Female	26	-	-	26	100	15	-	-	15	100
Other than Permanent										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
 <b>Workers</b>										
Permanent										
Male	198	-	-	198	100	198	-	-	198	100
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent										
Male	1500	-	-	1500	100	1023	-	-	1023	100
Female	235	-	-	235	100	235	-	-	235	100

**3. Details of remuneration/salary/wages, in the following format:**

Please Refer Annexure 3 to Directors Report of the company wherein these details have been provided.



Number	Median remuneration/ salary/ wages of respective category		Number	Median remuneration/ salary/ wages of respective category
		Board of Directors (BoD)		
		Key Managerial Personnel		
		Employees other than BoD and KMP		
		Workers		

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?** Yes. Ombudsman

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**  
As and when any complaints are received, the same is reviewed by the respective functional head/plant head as the case may be, and remedial measures are taken as required.

**6. Number of Complaints on the following made by employees and workers:**

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour			NIL			
Wages						
Other human rights related issues						

- 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**  
As stated above
- 8. Do human rights requirements form part of your business agreements and contracts?**  
Yes – as part of the code of conduct applicable to Suppliers/Vendors
- 9. Assessments for the year: NIL**

Percent of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour
Forced/involuntary labour
Sexual harassment
Discrimination at workplace
Wages
Others – please specify

- 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**  
Not Applicable.

## PRINCIPLE

6

Businesses should respect and make efforts to protect and restore the environment

## Essential indicators

## 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format

FY 2022-23 (Current Financial Year)	Parameter	FY 2021-22 (Previous Financial Year)
498040 GJ	Total electricity consumption (A)	341731 GJ
5115485 GJ	Total fuel consumption (B)	5228964 GJ
3802 GJ	Energy consumption through other sources (C) <b>Imported Green Power</b>	5442 GJ
5617327 GJ	<b>Total energy consumption (A+B+C)</b>	5576137 GJ
---	Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	---
15.28 GJ per MT of Product	Energy intensity (optional) – the relevant metric may be selected by the entity	15.07 GJ per MT of product

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. M/s. KPMG Assurance and Consulting Services LLP, Bengaluru conducted Sustainability Data Assurance audit for the year 2022-23 during May-June 23.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

PAT is applicable for plants at Mettur and Karaikal

PAT Cycle details – Mettur				
Description	Target Toe/Ton	Achieved Toe/Ton	EScerts earned	Remarks
PAT- I	0.312	0.314	(116)	Bought
PAT - II	0.9207	0.9168	255	Available for Sale
PAT-VII	0.419	-	-	Current Cycle
PAT Cycle details - Karaikal				
Description	Target Toe/Ton	Achieved Toe/Ton	EScerts earned	Remarks
PAT- I	0.313	0.307	300	
PAT - II	0.7807	0.7687	554	
PAT-VII	0.7063	-	-	Current Cycle

### 3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	2572211 KL	2451927 KL
(ii) Groundwater	227696 KL	226177 KL
(iii) Third party water	--	--
(iv) Seawater	10349833 KL	10294354 KL
(v) Others	--	--
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	13149740 KL	12972458 KL
<b>Total volume of water consumption (in kilolitres)</b>	12082887 KL	12063776 KL
Water intensity per rupee of turnover (Water consumed / turnover)		
<b>Water intensity</b> (optional) – the relevant metric may be selected by the entity	32.86 KL per MT of Product	32.61 KL per MT of Product

- Recycled Water used in process is 592387 KL in FY 2022-23.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. M/s. KPMG Assurance and Consulting Services LLP, Bengaluru conducted Sustainability Data Assurance audit for the year 2022-23 during May-June 23..

### 4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

All the plants of Chemplast Sanmar have implemented Zero Liquid Discharge (ZLD) and reuse/recycle the entire quantum of the water back into the process. Continuous efforts were put in to reduce the effluent generation at the source resulted in a significant reduction of trade effluent over a period of time. Treated wastewater quality parameters for all ZLD plants are monitored and maintained as per the legal norms. Authorities of CPCB and TNPCB constantly monitor the ZLD status with the help of high-resolution night vision cameras installed at the sites. Additionally, the Company captures the water flow data on a real-time basis and transmits the same to the Water Quality Watch Center of TNPCB.

### 5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	MT	244.62	146.22
SOx	MT	418.90	244.65
Particulate matter (PM)	MT	60.55	58.02
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. M/s. KPMG Assurance and Consulting Services LLP, Bengaluru conducted Sustainability Data Assurance audit for the year 2022-23 during May-June 23.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	458295	478999
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	87029	75500
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>			
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> – the relevant metric may be selected by the entity		1.48 TCO2/MT of Product	1.50 TCO2/MT of Product
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> – the relevant metric may be selected by the entity		1.48 TCO2/MT of Product	1.50 TCO2/MT of Product

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. M/s. KPMG Assurance and Consulting Services LLP, Bengaluru conducted Sustainability Data Assurance audit for the year 2022-23 during May-June 23.

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

**Mettur:**

- Blending of biomass with coal in CPP (Estimate: 5% in scope1 energy)
- Ammonia-based refrigeration Compressor energy saving (Savings: 2579 GJ)
- Installation of VFD (Savings: 116 GJ)
- Installation of LED lights (Savings: 368.98 GJ)
- Replacement of cooling tower fan (Savings: 73.3 GJ).

**Karaikal:**

- Old/low-efficiency motors to be replaced with new/high-efficiency IE3/IE4 motors
- VAM at CPP-2 to replace chilled water unit thereby reducing Freon consumption
- VFD will be introduced in Cooling Tower Fans & Process Pumps
- In CPP-2, the radiator fan is to be replaced with a high efficient fan to enhance the cooling efficiency of the engine cooling water and thereby generating 1,600 units/day additionally
- WHRB in the new Incinerator thereby reducing LSHS consumption
- Usage of Hydrogen as fuel in the new Incinerator instead of Superior Kerosene
- Installation & commissioning of New energy efficient Caustic Concentration Unit (CCU) with lesser steam consumption
- Installation of New Generation-6 Elements in CCII cell house with lesser power consumption
- Replacement of MV/SV lamps with LED fittings.



**Berigai:**

- Installation of Variable frequency drive (VFD)
- Installation of IE3 Energy Efficient Motors.
- Installation of energy-efficient LED fixtures lamps.
- Reduced Power consumption by replacing the solvent reflux through pump into barometric reflux.

- Increasing Renewable energy consumption.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste <b>(A)</b>	15.57	16.04
E-waste <b>(B)</b>	6.26	5.4
Bio-medical waste <b>(C)</b>	0.03	0.03
Construction and demolition waste <b>(D)</b>	-	-
Battery waste <b>(E)</b>	5.81	0.95
Radioactive waste <b>(F)</b>	-	-
Other Hazardous waste. Please specify, if any. <b>(G)</b>		
Chemical Sludge from the waste water treatment (35.3)	3386.05 MT	3319.8 MT
Brine Sludge (16.3)	3754.18 MT	4063 MT
Used/Spent Oil (5.1)	34.03 MT	34.09 MT
Distillation Residues (20.3 & 36.1)	90.09 MT	161 MT
Process Residues (22.2)	1183.41 MT	1458 MT
Empty Barrels/ Containers/lines Contaminated with hazardous chemicals/wastes	64.41 MT	38 MT
Spent Carbon and filter medium (36.2)	203.83 MT	116 MT
Spent Solvent (28.6)	252.54 MT	159 MT

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Fly Ash	13867 MT	17239 MT
Bottom Ash	2541 MT	1977 MT
Lime Grit	259 MT	409 MT
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>25662 MT</b>	<b>28999 MT</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	378.62 MT	255.73 MT
(ii) Re-used	17618.23 MT	23061.18 MT
(iii) Other recovery operations	-	-
<b>Total</b>	<b>17996.85 MT</b>	<b>23316.91 MT</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	1273.53MT	1619.29 MT
(ii) Landfilling	6392.07 MT	4062.72 MT
(iii) Other disposal operations	-	-
<b>Total</b>	<b>7665.60 MT</b>	<b>5682.01 MT</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. M/s. KPMG Assurance and Consulting Services LLP, Bengaluru conducted Sustainability Data Assurance audit for the year 2022-23 during May-June 23.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

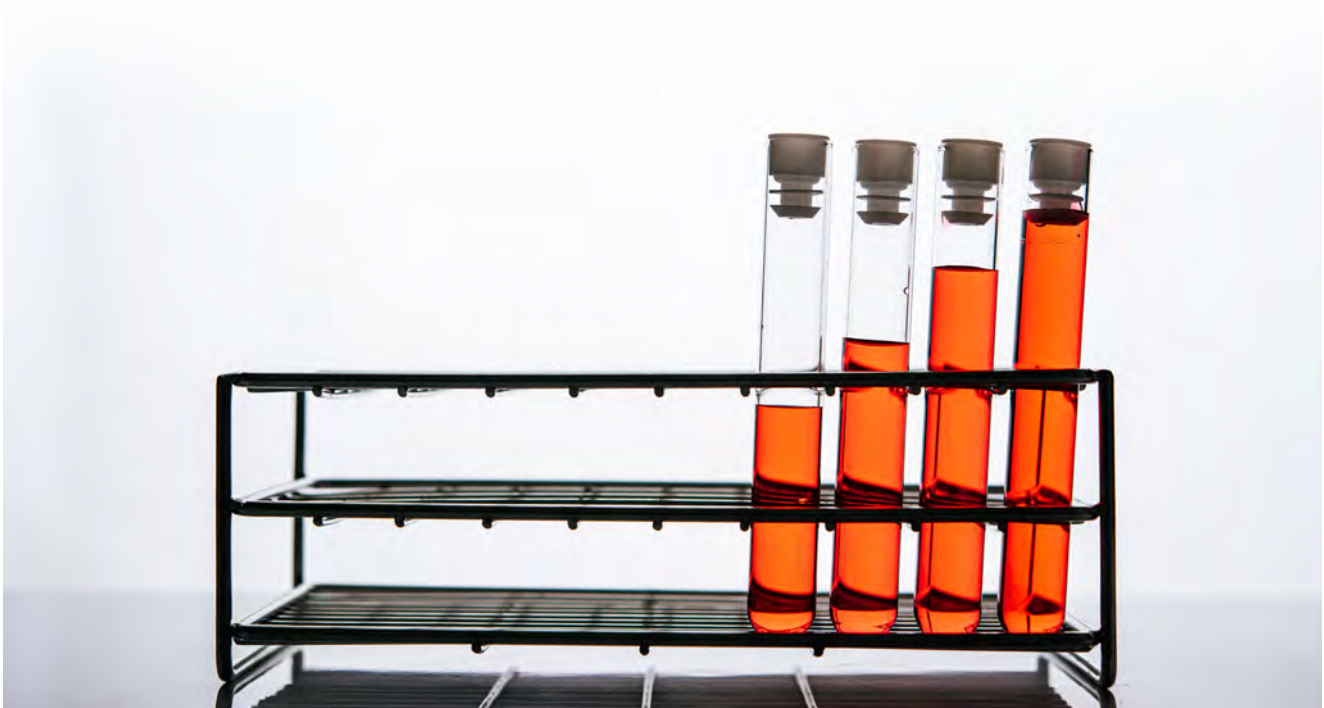
The Company deploys eco-responsible waste disposal methods such as recycling and selling of waste products as Raw materials for co-processing in other industries. Company waste management is based on Reduce, Reuse, Recycle and Recover since adopting a circular economy which is the need of the hour.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones, etc.) where environmental approvals/clearances are required, please specify details in the following format:

Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Melavanjore, Karaikal	Setting up of a Marine Terminal Facility for importing Ethylene for the proposed Ethylene Di Chloride (EDC) plant in the area of Coastal Regulation Zone	Complied
Karaikal	Laying pipeline in the area of Coastal Regulation Zone	Complied

11. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	Complied with all applicable environmental law/ regulations/ guidelines	-	-	-



**PRINCIPLE**

**7**

**Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

Our Company partners with apex bodies and industry associations to promote higher standards of sustainable business practices and actively advocates and influences positive changes in the sector. These associations enable us to participate in cutting-edge research, learn about the latest developments, and adopt and share industry best practices. Details of our membership in associations are as under:

**Essential indicators**

- 1. a. **Number of affiliations with trade and industry chambers/ associations :10**
- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Company	Reach of trade and industry chambers/ associations (State/National)
1	Federation of Indian Chambers of Commerce & Industry	Chemplast	National
2	The Associated Chambers of Commerce and Industry of India	Chemplast	National
3	Indo-American Chamber of Commerce	Chemplast	National
4	Indo-Japan Chamber of Commerce	Chemplast	National
5	Alkali Manufacturers Association of India	Chemplast	National
6	Indian Chemical Council	Chemplast	National
7	Confederation of Indian Industry	Chemplast	National
8	Madras Management Association	Chemplast	State
9	The Madras Chamber of Commerce & Industry	Chemplast	State
10	The Southern India Chamber of Commerce & Industry	Chemplast	State

- 2. **Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

**Name of authority    Brief of the case    Corrective action taken**

NOT APPLICABLE

**PRINCIPLE****8****Businesses should promote inclusive growth and equitable development****Essential indicators**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Poly Vinyl Chloride (PVC) Paste resin project at Cuddalore	Environment Impact Assessment report prepared by Kadam Environment Consultants, Baroda	October-2022	Yes	Yes	DownloadPfdFile.aspx (environmentclearance.nic.in)

\*SIA not applicable for Custom Manufactured Chemicals Division project at Berigai

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S.No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	Percent of PAFs covered by R&R	Amounts paid to PAFs in the FY (in ₹)
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Nil (for both projects)

3. **Describe the mechanisms to receive and redress grievances of the community.**

The Company has mechanisms to receive and redress the grievances of various stockholders. All grievances will be reported to the respective unit head who will take necessary action to redress the grievances to the extent possible within the provisions of law and regulations as applicable.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers: (With respect to projects)**

Paste PVC project	FY2022-23	FY 2021-22
Directly sourced from MSMEs/small producers	₹ 44.4 Cr	₹ 8.89 Cr
Sourced directly from within the district and neighbouring districts	₹ 168.94 Cr	₹ 29.87 Cr
CMCD project	FY2022-23	FY 2021-22
Directly sourced from MSMEs/small producers	₹ 76.83 Cr	-
Sourced directly from within the district and neighbouring districts	₹ 158.59	₹ 0.94 Cr

## PRINCIPLE

9

Businesses should engage with and provide value to their consumers in a responsible manner

## Essential indicators

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Customer complaints with respect to Product Quality / Dispatches are mailed to the concerned Marketing team either directly or through dealers/agents attached to these customers with details on batch number, invoices, etc. All such complaints are accorded priority which is then escalated to the concerned QC team at the plant (product quality related) or Sales Logistics team (dispatch related). For quality-related complaints, the concerned QC team members also visit the customer depending on the seriousness of the complaint and suggest corrective action either directly at the customer site or by analysing the samples of the affected material at our lab.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

Environmental and social parameters relevant to the product Safe and responsible usage Recycling and/or safe disposal

As a percentage to total turnover

>97%

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	NIL	NIL		NIL	NIL	
Advertising	NIL	NIL		NIL	NIL	
Cyber-security	NIL	NIL		NIL	NIL	
Delivery of essential Services	NIL	NIL		NIL	NIL	
Restrictive Trade Practices	NIL	NIL		NIL	NIL	
Unfair Trade Practices	NIL	NIL		NIL	NIL	
Other	NIL	NIL		NIL	NIL	

**4. Details of instances of product recalls on account of safety issues:** NIL

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web link to the policy.**

Sanmar has a detailed policy on Cyber Security covering 19 domains in line with ISO 27001 framework. The applicable risks pertaining to Data Privacy in some of the domains are documented therein.

A Specific Policy related to Data Privacy will be in place once the India Data Protection & Privacy Law (IDPP) is enacted.

At present the Cyber Security policy is not hosted either on the Intranet or through the Internet, and is only shared as a virtual document when required.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on the safety of products/services.** NIL

**NOTE:**

Information in respect of Leadership Indicators has been provided in this report only in respect of certain principle on which the company has initiated action.



# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Chemplast Sanmar Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Chemplast Sanmar Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2023, 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 Standalone 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 standalone 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 standalone financial statements.

### Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Timing of revenue recognition

See Note 4 and 3.8 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company's revenue is derived primarily from sale of speciality chemicals. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer.</p> <p>The Company and its external stakeholders focus on revenue as a key performance metric and the Company uses various shipment terms across its operating markets.</p> <p>Timing of revenue recognition has been identified as a key audit matter as there could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before control has been transferred.</p>	<p>In view of the significance of the matter, we performed the following key audit procedures, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessed the Company's accounting policy for revenue recognition as per Ind AS.</li> <li>Tested the design, implementation and operating effectiveness of key controls relating to timing of revenue recognition.</li> <li>We used statistical sampling and performed substantive testing of selected samples of revenue transactions recorded during the year by verifying the underlying documents such as sale invoice, dispatch document and bill of lading and assessed the accuracy of the period in which revenue was recognised.</li> <li>Tested manual journal entries posted to revenue.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### Impairment assessment of long-term investments in subsidiary

#### See Note 15 and 3.3 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company has a long-term investment in its subsidiary as at 31 March 2023. The Company performs impairment testing of its investment in subsidiary when any impairment indicator exists, based on internal or external sources of information.</p> <p>The Company's subsidiary has a negative net-worth and negative working capital as of 31 March 2023, and operated at reduced profitability during the year. The prices of the products dealt by the subsidiary were volatile, which impacts the budgets and forecasted performance of the subsidiary. These factors have triggered the testing for impairment of investment in subsidiary.</p> <p>The recoverable amount of the investment in subsidiary is measured using a discounted cash flow model. As impairment assessment involves significant estimates and judgements, it is considered as a key audit matter.</p>	<p>In view of the significance of the matter, we performed the following key audit procedures, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessed the Company's accounting policy for impairment of investments in subsidiaries with Ind AS.</li> <li>• Assessed the design, implementation and operating effectiveness of key controls in respect of the Company's impairment assessment process.</li> <li>• Examined the valuation report for the purpose of impairment testing obtained by the Company from the expert; Assessed the professional competence, experience and objectivity of the expert.</li> <li>• Involved our valuation specialists to examine and evaluate the valuation methodology and assumptions.</li> <li>• Challenged the assumptions used in valuation based on our understanding of the business and historical trends.</li> <li>• Performed sensitivity analysis considering possible changes in key assumptions used such as the revenue forecasts, terminal growth rates and weighted average cost of capital.</li> <li>• Compared the carrying value of the Company's investment in subsidiary with the value in use and assessed the need for impairment (if any).</li> <li>• Assessed the adequacy of disclosures made in the standalone Ind AS financial statements.</li> </ul>

### Write down of inventories

#### See Note 18 and 3.6 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Company values its inventory at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.</p> <p>The prices of the products dealt by the Company were volatile during the year impacted by the international market conditions. This resulted in the Company recognizing write down of its inventories to NRV during the year.</p> <p>As NRV write downs of inventory involved significant estimates and complex computation, it is identified as a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessed the Company's accounting policy for measurement of inventories as per Ind AS.</li> <li>• Tested the design, implementation and operating effectiveness of key controls relating to inventory measurement and NRV computation.</li> <li>• Performed substantive testing of inventory measurement in line with the Company's accounting policy.</li> <li>• Assessed the estimates of NRV of the inventory such as estimated selling price and estimated cost of completion considered in NRV computation.</li> <li>• Assessed the adequacy of disclosures as per applicable Ind AS framework.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### 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 annual report, but does not include the financial statements and auditor's report(s) thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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 Standalone 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 standalone 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. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

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

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

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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

- The standalone financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion in their report dated 10 May 2022.

### Report on Other Legal and Regulatory Requirements

- 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.

- As required by Section 143(3) of the Act, we report that:
  - 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.
  - 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.
  - The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - 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".
- 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:
  - The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

## INDEPENDENT AUDITOR'S REPORT (Contd.)

- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 46 to the standalone 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.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 46 to the standalone 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. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- 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 remuneration paid/payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director is not in excess of the limit laid down under Section 197 of the Act. 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

**S Sethuraman**

*Partner*

Place: Chennai

Membership No.: 203491

ICAI

Date: 16 May 2023

UDIN:23203491BGYXXG4068



# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF CHEMPLAST SANMAR LIMITED FOR THE YEAR ENDED 31 MARCH 2023

(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.
- (i) (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 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 material 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 standalone financial statements are held in the name of the Company.
- (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.
- (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 crores 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 security as specified under Section 185 and 186 of the Companies Act, 2013. In respect of the investments made and guarantee provided 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,



## ANNEXURE A (Contd.)

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 and 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 and other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (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, other than ₹ 48 Crores which remain unutilised as at 31 March 2023 because the funds were received towards the end of the year. The Company has temporarily invested such unutilised balance in fixed deposits as at 31 March 2023.
- (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) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (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.

## ANNEXURE A (Contd.)

- (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.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (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 not incurred cash losses in the current and 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 standalone 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.
- (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

**S Sethuraman**

*Partner*

Place: Chennai

Membership No.: 203491

Date: 16 May 2023

ICAI

UDIN:23203491BGYXXG4068

## ANNEXURE A (Contd.)

### Appendix I to Annexure A to the Independent auditor's report to the Members of Chemplast Sanmar Limited for the year ended 31 March 2023

Name of the statute	Nature of the dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
TNVAT Act, 2007	Sales Tax	5.77	2010-11 to 2014-15	Honorable High Court of Madras
Central Excise Act, 1944	Excise Duty/Service tax	0.42	1975-76 to 2011-12	Honorable High Court of Madras
Central Excise Act, 1944	Excise Duty/Service tax	4.10	1979-80 to 2015-16	CESTAT
Central Excise Act, 1944	Excise Duty/Service tax	0.99	1991-92 to 2016-17	Commissioner of Central Excise (Appeals)
Customs Act, 1962	Customs Duty	0.11	2012-13 to 2013-14	Commissioner of Customs (Appeals)
CGST Act, 2017	Goods and Service Tax	0.33	2017-18	GST Appellate Tribunal
CGST Act, 2017	Goods and Service Tax	1.92	2017-18	Commissioner of GST and Central Tax (Appeals)
SGST Act, 2017	Goods and Service Tax	0.01	2017-18	GST Appellate Tribunal
IGST Act, 2017	Goods and Service Tax	1.50	2017-18	GST Appellate Tribunal
Electricity Act, 2003	Parallel Operation Charges	4.17	2014-18	Appellate Tribunal of Electricity
Electricity Act, 2003	Power Generation Tax	2.76	2010-12	Honorable High Court of Madras
Electricity Act, 2003	Power Generation Tax	11.09	2003-14	Supreme Court
Electricity Act, 2003	Power Generation Tax - Interest	8.17	2003-14	Supreme Court
Electricity Act, 2003	Excess Power Drawal Charges	0.58	2008-09	Honorable High Court of Madras
Electricity Act, 2003	Deemed Demand Charges	0.40	2012-14	Honorable High Court of Madras
Electricity Act, 2003	Start Up power charges	2.64	2012-14	Tamilnadu Electricity Regulatory Commission
TWAD Act, 1970	Water Tax	0.13	1992-2022	Honorable High Court of Madras
TWAD Act, 1970	Water Tax - Interest	7.80	1992-2022	Honorable High Court of Madras
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	0.60	2012-15	Central Government Industrial Tribunal
Income Tax Act, 1961	Income Tax	0.43	1998-99	Honorable High Court of Madras
Income Tax Act, 1961	Income Tax	0.11	2003-04 and 2015- 16	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	0.02	2006-07	Honorable High Court of Madras
Income Tax Act, 1961	Income Tax	5.30	2016-17	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	5.43	2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	19.41	2019-20	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1.36	2020-21	Commissioner of Income Tax (Appeals)

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF CHEMPLAST SANMAR LIMITED FOR THE YEAR ENDED 31 MARCH 2023

**Report on the internal financial controls with reference to the aforesaid standalone 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 Sanmar Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone 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 2023, 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 standalone 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.

## 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 standalone 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 standalone 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,

## ANNEXURE B (Contd.)

use, or disposition of the company's assets that could have a material effect on the standalone 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

**S Sethuraman**  
*Partner*  
Place: Chennai                      Membership No.: 203491  
ICAI  
Date: 16 May 2023              UDIN:23203491BGYXXG4068

# STANDALONE BALANCE SHEET

As at March 31, 2023

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

	Note	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	2,187.33	2,220.46
Capital work-in-progress	14.1	387.84	27.21
Right-of-use assets	14.2	12.57	12.25
Investment in Subsidiaries	15	1,555.68	1,555.68
<b>Financial Assets</b>			
(i) Investments	15	0.04	0.04
(ii) Other financial assets	16	19.22	15.93
Non-current Tax assets (net)		2.57	1.91
Other non-current assets	17	48.85	23.78
		<b>4,214.10</b>	<b>3,857.26</b>
<b>Current assets</b>			
Inventories	18	392.59	346.99
<b>Financial Assets</b>			
(i) Trade receivables	19	255.98	180.44
(ii) Cash and cash equivalents	20	512.24	357.26
(iii) Bank balances other than (ii) above	21	15.31	112.59
(iv) Other financial assets	22	57.10	77.39
Other current assets	23	46.89	21.85
		<b>1,280.11</b>	<b>1,096.52</b>
<b>Total Assets</b>		<b>5,494.21</b>	<b>4,953.78</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	24	79.06	79.06
Other equity	25	3,864.66	3,718.18
<b>Total Equity</b>		<b>3,943.72</b>	<b>3,797.24</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	26	203.97	-
(ia) Lease Liabilities	14.2	7.97	11.24
(ii) Other financial liabilities	27	50.64	60.40
Deferred Tax Liabilities (Net)	28	521.13	536.75
Other non-current liabilities	29	3.76	3.77
		<b>787.47</b>	<b>612.16</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	30	2.87	-
(ia) Lease Liabilities	14.2	3.27	2.86
(ii) Trade payables	31		
- total outstanding dues of micro enterprises and small enterprises		2.95	3.34
- total outstanding dues of creditors other than micro enterprises and small enterprises		565.23	382.33
(iii) Derivative liabilities	32	3.26	1.74
(iv) Other financial liabilities	33	138.86	75.98
Other current liabilities	34	24.95	44.48
Provisions	35	0.92	2.64
Current Tax Liability (Net)		20.71	31.01
		<b>763.02</b>	<b>544.38</b>
<b>Total liabilities</b>		<b>1,550.49</b>	<b>1,156.54</b>
<b>Total equity and liabilities</b>		<b>5,494.21</b>	<b>4,953.78</b>

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

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited****Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai



# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

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

	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	4	2,196.67	2,012.15
Other income	5	25.75	32.66
<b>Total Income</b>		<b>2,222.42</b>	<b>2,044.81</b>
<b>Expenses</b>			
Cost of materials consumed	6a	739.95	703.33
Purchase of stock-in-trade	6b	241.18	-
Changes in inventories of stock-in-trade, finished goods and work-in-progress	7	(3.91)	(1.51)
Employee benefits expense	8	99.84	77.19
Finance costs	10	22.64	135.75
Depreciation Expense	14	92.40	90.82
Other expenses	9	813.83	605.60
<b>Total expenses</b>		<b>2,005.93</b>	<b>1,611.18</b>
<b>Profit / (Loss) before tax and exceptional items</b>		<b>216.49</b>	<b>433.63</b>
Exceptional items	18	49.80	-
<b>Profit / (Loss) before tax</b>		<b>166.69</b>	<b>433.63</b>
<b>Tax expense :</b>	11		
<b>Current tax</b>			
a) Current Year		(35.89)	(84.54)
b) Earlier Years		(1.04)	3.36
Deferred tax		15.81	27.03
<b>Profit / (Loss) after tax</b>		<b>145.57</b>	<b>379.48</b>
<b>Other comprehensive income</b>	12		
Items that will not be reclassified to profit or loss in subsequent periods			
- Remeasurement of defined benefit plans		0.55	(1.39)
- Deferred Tax expense relating to remeasurement of Defined Benefit Plans		(0.19)	0.49
- Revaluation of property, plant and equipment		-	185.52
- Deferred Tax expense relating to revaluation of property, plant and equipment		-	(58.62)
<b>Total Other Comprehensive Income</b>		<b>0.36</b>	<b>126.00</b>
<b>Total Comprehensive Income for the year</b>		<b>145.93</b>	<b>505.48</b>
<b>Basic and Diluted Earnings per share (equity shares, par value ₹ 5/- each)</b>	13	<b>9.21</b>	<b>25.54</b>

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

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

**Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai

# STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2023

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

	As at March 31, 2023	As at March 31, 2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX	166.69	433.63
Adjustments for:		
Depreciation expense	92.40	90.82
Finance Costs	22.64	135.75
(Profit) / Loss on sale of Property, Plant & Equipment (net)	(0.02)	(19.31)
Liabilities no longer required written back	(0.21)	(2.61)
Interest income on financial assets at amortised cost	(24.77)	(10.28)
Difference in fair value of derivative instruments	1.52	(2.81)
Exceptional Items	49.80	-
Unrealised (gain) / loss of foreign exchange transactions (net)	0.31	2.74
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>308.36</b>	<b>627.93</b>
Adjustments for changes in :		
Inventories	(95.40)	(109.70)
Trade and other receivables	(73.20)	(121.17)
Trade and other payables	178.72	108.05
<b>CASH GENERATED FROM OPERATIONS</b>	<b>318.48</b>	<b>505.11</b>
Income tax paid (net of refunds)	(47.89)	(75.14)
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>270.59</b>	<b>429.97</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipments	(397.11)	(93.89)
Proceeds from sale of property, plant and equipment	0.03	60.30
Deposits (placed) / realised (net) (including margin deposit)	86.20	(26.33)
Interest received	24.63	9.09
<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(286.25)</b>	<b>(50.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of non-convertible debentures	-	(1,238.25)
Proceeds from Long term borrowings	211.00	-
Payment of lease liability	(4.56)	(4.56)
Proceeds from issue of equity shares	-	1300.00
Receipts /(Payment) of transaction cost on issue of shares	(10.53)	(17.85)
Interest and finance charges paid	(25.27)	(135.23)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>170.64</b>	<b>(95.89)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>154.98</b>	<b>283.25</b>
Cash and cash equivalents at beginning of the year	357.26	74.01
Cash and cash equivalents at end of the year	512.24	357.26

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

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

**Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai

## STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

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

### (a) Equity share capital

Particulars	Number of shares	Amount
Balance at April 01, 2021	13,40,80,000	67.04
Changes during the year 2021-22	2,40,29,574	12.02
Balance at March 31, 2022	15,81,09,574	79.06
Changes during the year 2022-23	-	-
<b>Balance at March 31, 2023</b>	<b>15,81,09,574</b>	<b>79.06</b>

### (b) Other Equity

Particulars	Capital Reserve	Securities premium	Capital Redemption Reserve	Debt Redemption Reserve	Retained Earnings	General Reserve	Asset Revaluation Reserve	Total
Balance at April 01, 2021	79.69	126.67	39.18	123.83	515.89	23.93	1,044.45	1,953.64
Total Comprehensive Income	-	-	-	-	378.58	-	126.90	505.48
Issue of equity shares during the year	-	1,287.99	-	-	-	-	-	1,287.99
Share issue expenses (net of taxes)	-	(28.93)	-	-	-	-	-	(28.93)
Depreciation on revalued assets	-	-	-	-	20.23	-	(20.23)	-
Transfer from revaluation reserve on disposal of asset	-	-	-	-	13.21	-	(13.21)	-
Transfer from Debt Redemption Reserve	-	-	-	(123.83)	-	123.83	-	-
<b>Balance at March 31, 2022</b>	<b>79.69</b>	<b>1,385.73</b>	<b>39.18</b>	<b>-</b>	<b>927.91</b>	<b>147.76</b>	<b>1,137.91</b>	<b>3,718.18</b>
Total Comprehensive Income	-	-	-	-	145.93	-	-	145.93
Share issue expenses (net of taxes) (refer note 43)	-	0.55	-	-	-	-	-	0.55
Depreciation on revalued assets	-	-	-	-	24.37	-	(24.37)	-
<b>Balance at March 31, 2023</b>	<b>79.69</b>	<b>1,386.28</b>	<b>39.18</b>	<b>-</b>	<b>1,098.21</b>	<b>147.76</b>	<b>1,113.54</b>	<b>3,864.66</b>

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

As per our report of even date attached

**For B SR & Co. LLP**

Chartered Accountants

**Firm Registration Number : 101248/W/-100022**

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

**Vijay Sankar**

Chairman

DIN: 00007875

Place: Chennai

**N Muralidharan**

Chief Financial Officer

Place: Chennai

Date: May 16, 2023

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place: Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**M Raman**

Company Secretary

Memb No. ACS 06248

Place: Chennai

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)

## 1.1 Corporate Information

Chemplast Sanmar Limited ("the Company") is a public limited company incorporated and domiciled in Chennai and is into the production and sale of speciality chemicals. The registered office is located at Cathedral Road, Chennai. As of March 31, 2023, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies.

## 2 Basis of Preparation

### 2.1 Statement of Compliance:

These Standalone Financial Statements of the Company have been prepared and presented from April 01, 2022 to March, 2023 (\*year) in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

#### Basis of measurement:

The Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial Instruments):

- a. derivative financial instruments
- b. investment in unquoted equity shares other than investment in subsidiaries
- c. property, plant and equipment under revaluation model

The Financial Statements are presented in INR and are rounded off to the nearest Crores, except when otherwise indicated. These Financial Statements were authorised for issue by the Company's Board of Directors on May 16, 2023

### 2.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

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

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

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

The Company has considered the possible effects that may result from COVID-19 in the preparation of these Standalone Financial Statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has, at the date of approval of these Standalone Financial Statements, used internal and external sources of information which are relevant and expects that the carrying amount of these assets will be recovered. The impact of Covid-19 on the Company's financial results may differ from that estimated as at the date of approval of these Standalone Financial Statements and the Company will continue to monitor any material changes to the future economic conditions.

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

During the year ended March 31, 2023, the Company has earned a profit before tax after exceptional items of ₹ 166.69 Crores (₹ 433.63 Crores for the year ended March 31, 2022). The management expects the demand for the Company's products to follow the trend established during the current year and considering the overall deficit in the Paste Grade PVC capacity in India, is confident that the Company would be able to operate its plant at optimal capacity to generate profitable operations for the foreseeable future. Thus, the management is of the view that the Company will be able to achieve cash-profitable

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

operations and raise funds as necessary, in order to meet its liabilities as they fall due. Accordingly, these standalone financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

## 3 Significant Accounting Policies

### 3.1 Foreign currency transactions

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 period-end rates. Exchange differences arising on settlement / conversion are adjusted in the Statement of Profit and Loss.

### 3.2 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

For the purpose of fair value disclosures, the Company has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ♦ Disclosures for valuation methods, significant estimates and assumptions
- ♦ 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



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.3.1 Financial Assets

#### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- a. Debt instruments at amortised cost;
- b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);

#### a. Debt instruments at amortised cost;

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance

income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

#### b. Financial assets at FVTPL

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

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 36.11.

#### c. Investments at cost:

In accordance with Ind AS 27 on separate financial statements, investments in subsidiary is carried at cost in the separate financial statements of the Company.

### 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.



# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms

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

ECL impairment loss allowance (or reversal) recognised during the period is recognised 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 Derecognition of financial assets

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

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

### 3.3.2 Financial liabilities and equity instruments

#### 3.3.2.1 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

financial liability and an equity instrument as per Ind-AS 32.

### 3.3.2.2 Equity instruments

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

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

### 3.3.2.3 Convertible debt instruments

Convertible debt instruments are separated into liability and equity components based on the terms of the contract.

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

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent periods.

Transaction costs are apportioned between the liability and equity components of the convertible debt instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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

### 3.3.2.4 Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Subsequent measurement

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

#### Loans and borrowings:

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

This category generally applies to borrowings.

### 3.3.2.5 Financial Guarantees

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

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

Where they are treated as a financial instrument, the financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

### 3.3.2.6 Financial liabilities at FVTPL

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 36.11

### 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 realise the assets and settle the liabilities simultaneously.

### 3.3.4 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense / income over the relevant year. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs

and other premiums or discounts) but does not consider the expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### 3.3.5 Derivative financial instruments

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

## 3.4 Property, plant and equipment

### 3.4.1 Recognition and measurement

Property, Plant & Equipment and Capital Work in Progress are initially recognised 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 or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

On March 31, 2019, the Company had elected to change the method of accounting for land, buildings and plant and equipment classified as property, plant and equipment, as the Company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the land, buildings and plant and equipment's fair value. The Company applied the revaluation model prospectively. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The fair value changes are effected by eliminating the accumulated depreciation against the gross carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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

The Company, based on technical assessment made by management estimate supported by external Chartered engineer's study, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes

that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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

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

### 3.5 Non-Current Assets Held for Sale

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

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

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Balance sheet.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## 3.6 Inventories

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

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

The Company produces certain joint-products which are valued on joint cost basis by apportioning the total costs incurred in the manufacture of those joint-products. By-products are valued at the net realisable value.

## 3.7 Retirement and Employees benefits

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

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

### Provident Fund / Employee State Insurance:

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

### Gratuity

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

Remeasurement comprising actuarial gains and losses and the return on assets (excluding interest) relating to retirement benefit plans, are recognised directly in other comprehensive income in the period

in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to statement of profit or loss.

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

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

### Termination benefits

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

## 3.8 Revenue recognition

### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer (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

#### Contract assets

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

#### Trade receivables

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



# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## Contract liabilities

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

## Variable consideration:

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

Volume Rebates / Price concessions / Special discounts:

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

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

## Sale of goods

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

## 3.9 Other Income

Interest income:

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

## 3.10 Leases

### Company as a lessor:

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

### Company as a lessee:

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

### i) Right-of-use assets

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

Plant and Machinery - 7 Years

### ii) Lease liabilities

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



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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.

### 3.11 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.

#### 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.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

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

### Minimum Alternate Tax (MAT)

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

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

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

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

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

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

### 3.12 Cash and cash equivalents

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

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

### 3.13 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.

### 3.14 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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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.

### 3.15 Borrowing costs:

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

### 3.16 Impairment of non-financial assets:

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

valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

### 3.17 Earnings per share

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

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

### 3.18 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

(Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below:

### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions

that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## 4. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(i) Revenue from contracts with customers *</b>		
Revenue from the sale of manufactured goods	1,937.06	2,005.76
Revenue from the sale of stock in trade	254.05	-
Revenue from the rendering of services	-	0.05
Leasing Income	0.22	0.10
<b>(ii) Other operating revenue</b>		
Revenue from sale of scrap	3.94	5.20
Revenue from export incentives	1.40	1.04
	<b>2,196.67</b>	<b>2,012.15</b>

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per Contracted Price	2,226.65	2,029.11
Adjustments towards:		
Volume Rebates	11.09	10.67
Price concessions	13.26	2.72
Special discounts	11.19	9.96
Revenue as per statement of profit and loss	2,191.11	2,005.76

### Contract Balances

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Trade Receivables (contract asset)	255.98	180.44
Advance from customers (contract liability)	10.23	15.95
Revenue recognised from opening contract liabilities	15.95	10.84
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India	328.68	262.04
- Within India	1,867.99	1,750.11

\* 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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on disposal of property, plant and equipment (net)	0.02	19.31
Provisions no longer required written back	0.21	2.61
Recovery of bad debts	0.01	0.01
Interest income on financial assets at amortised cost	24.77	10.28
Miscellaneous income	0.74	0.45
	<b>25.75</b>	<b>32.66</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 6. Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Inventories of material at the beginning of the year	222.00	169.40
Add : Purchase	760.39	755.93
Inventories of material at the end of the year	242.44	222.00
	<b>739.95</b>	<b>703.33</b>
(b) Purchase of Stock-in-trade	241.18	-
	<b>241.18</b>	<b>-</b>

### 7. Changes in inventories of stock-in-trade, finished goods and work-in-progress

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories at the beginning of the year		
Work-in-progress	6.69	8.92
Finished Goods	11.92	8.18
	18.61	17.10
Inventories at the end of the year		
Work-in-progress	11.70	6.69
Finished Goods	10.82	11.92
	22.52	18.61
Difference between opening and closing inventories		
Work in progress	(5.01)	2.23
Finished goods	1.10	(3.74)
	<b>(3.91)</b>	<b>(1.51)</b>

### 8. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	90.72	69.78
Contribution to provident fund and others	5.90	4.85
Staff welfare expenses	3.22	2.56
	<b>99.84</b>	<b>77.19</b>



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 9. Other Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	576.32	405.99
Stores consumed	30.08	27.04
Commission on sales	0.72	0.89
Rent	1.78	1.17
Insurance	11.81	9.36
Rates and taxes	4.66	6.21
Repairs and maintenance		
Machinery	42.03	41.67
Building	7.93	6.46
Others	11.93	9.06
Freight and handling	48.84	38.02
Difference in foreign exchange (net) *	5.86	8.13
Outside processing expenses	7.97	6.76
Operation & Maintenance expenses	6.58	6.07
Legal and Professional fees	16.42	8.60
Payment to auditor <sup>^</sup>	0.62	0.61
Miscellaneous expenses	40.28	29.56
	<b>813.83</b>	<b>605.60</b>
Expense relating to short term leases (included in other expenses)	1.78	1.17

\*Net of fair value loss on derivative instruments at FVTPL of ₹ 1.52 Crores (2021-22: Gain ₹ 2.81 Crores)

#### <sup>^</sup> Payment to auditor

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory audit	0.50	0.45
Tax audit	-	0.06
Limited Review	0.09	0.08
Certification services	0.01	0.02
Reimbursement of expenses	0.02	-
	<b>0.62</b>	<b>0.61</b>

Fees for the year ended March 31, 2022 represents fees paid/payable to the previous auditor.

During the previous year the Company has made payment to auditors of ₹ 2.81 Crores towards IPO expenses and the same has been considered as part of issue expenses.

### 10. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense	0.77	123.15
Other finance costs	20.78	12.19
Bank Charges	1.09	0.41
	<b>22.64</b>	<b>135.75</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 11. Income taxes expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax:		
Current income tax charge	(35.89)	(84.54)
Adjustments in respect of current income tax of prior years	(1.04)	3.36
Deferred tax:		
Relating to origination and reversal of temporary differences	15.81	27.03
<b>Income tax expense reported in statement of profit and loss</b>	<b>(21.12)</b>	<b>(54.15)</b>
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to profit and loss in subsequent periods</b>		
Net loss/ (gain) on remeasurements of defined benefit obligations	(0.19)	0.49
Net loss/ (gain) on recognition of deferred tax on revaluation of fixed assets	-	(58.62)
<b>Income tax charged to OCI</b>	<b>(0.19)</b>	<b>(58.13)</b>

#### Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting profit before tax	166.69	433.63
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) (March 31, 2022: 34.944%) as follows:	(58.24)	(151.53)
<b>Effect of :</b>		
Availment of unrecognised MAT credit	39.85	93.46
Ineligible expenses	(1.47)	(1.44)
Impact of income tax provision relating to earlier years	(1.04)	3.36
Impact of income tax on sale of land	-	1.95
Others	(0.22)	0.05
<b>Net effective Income tax expense / (credit)</b>	<b>(21.12)</b>	<b>(54.15)</b>

\* The Company continues to operate under the erstwhile tax regime and does not intend to adopt the new regime

### 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 31 March 2023	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	0.36	-	0.36
	<b>0.36</b>	<b>-</b>	<b>0.36</b>
During the year ended 31 March 2022	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	(0.90)	-	(0.90)
Revaluation of property, plant and equipment	-	126.90	126.90
	<b>(0.90)</b>	<b>126.90</b>	<b>126.00</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 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 :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(Loss) after tax	145.57	379.48
Earnings used in the calculation of earnings per share	145.57	379.48
Weighted average number of equity shares for Basic & Diluted EPS	15,81,09,574	14,85,63,579
<b>Basic and diluted earnings per share</b>		
Basic earnings per share	9.21	25.54
Diluted earnings per share	9.21	25.54

### 14. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total
<b>Cost or valuation :</b>							
Balance at April 01, 2021	1,032.74	180.09	1,046.52	3.88	1.72	3.74	2,268.69
Additions	-	4.38	50.54	0.72	0.12	0.31	56.07
Disposals	20.56	1.10	11.87	0.02	0.13	1.12	34.80
Adjustments towards revaluation* (Refer note 14.3)	53.32	(10.83)	(58.44)	-	-	-	(15.95)
<b>Balance as at March 31, 2022</b>	<b>1,065.50</b>	<b>172.54</b>	<b>1,026.75</b>	<b>4.58</b>	<b>1.71</b>	<b>2.93</b>	<b>2,274.01</b>
Additions	-	9.12	44.38	1.58	0.02	1.10	56.20
Disposals	-	-	6.73	0.01	-	0.16	6.90
<b>Balance as at March 31, 2023</b>	<b>1,065.50</b>	<b>181.66</b>	<b>1,064.40</b>	<b>6.15</b>	<b>1.73</b>	<b>3.87</b>	<b>2,323.31</b>
<b>Accumulated depreciation :</b>							
Balance at April 01, 2021	-	18.14	158.72	1.40	1.03	1.70	180.99
Depreciation expense	-	9.11	77.37	0.66	0.19	0.40	87.73
Eliminated on disposals of assets	-	1.09	11.87	0.02	0.13	0.59	13.70
Adjustments towards revaluation* (Refer note 14.3)	-	(23.25)	(178.22)	-	-	-	(201.47)
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>2.91</b>	<b>46.00</b>	<b>2.04</b>	<b>1.09</b>	<b>1.51</b>	<b>53.55</b>
Depreciation expense	-	12.01	75.85	0.89	0.18	0.38	89.31
Eliminated on disposals of assets	-	-	6.73	0.01	-	0.14	6.88
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>14.92</b>	<b>115.12</b>	<b>2.92</b>	<b>1.27</b>	<b>1.75</b>	<b>135.98</b>
<b>Net Block</b>							
<b>Balance as at March 31, 2023</b>	<b>1,065.50</b>	<b>166.74</b>	<b>949.28</b>	<b>3.23</b>	<b>0.46</b>	<b>2.12</b>	<b>2,187.33</b>
<b>Balance as at March 31, 2022</b>	<b>1,065.50</b>	<b>169.63</b>	<b>980.75</b>	<b>2.54</b>	<b>0.62</b>	<b>1.42</b>	<b>2,220.46</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Note:

For details of charge on Property, Plant & Equipment refer Note 26

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

### 14.1 Capital in work-in-progress

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	27.21	25.01
Assets capitalised during the year	56.20	56.07
Additions	416.83	58.27
Balance as at end of the year	387.84	27.21

Also Refer Note 50 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, 2023	As at March 31, 2022
<b>Carrying amount</b>		
Balance as at beginning of the year	12.25	15.34
Additions	3.41	-
Depreciation	3.09	3.09
Balance as at end of the year	12.57	12.25

Note: The carrying amount as March 31, 2023 represents ₹ 9.16 Crores (March 31, 2022: ₹ 12.25 Crores) and ₹ 3.41 Crores (March 31, 2022: Nil) towards plant and equipment and leasehold land respectively.

### Carrying amounts of Lease liability recognised and movement during the year

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	14.10	16.61
Accretion of interest	1.70	2.05
Payments	4.56	4.56
<b>Balance as at end of the year</b>	<b>11.24</b>	<b>14.10</b>
Current	3.27	2.86
Non-current	7.97	11.24

### Maturity analysis - contractual undiscounted cash flows

Particulars	As at March 31, 2023	As at March 31, 2022
Not later than one year	4.56	4.56
Later than one year and not later than five years	9.12	13.68
<b>Total undiscounted lease liabilities</b>	<b>13.68</b>	<b>18.24</b>

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use asset	3.09	3.09
Interest expense on lease liabilities	1.70	2.05
Expense relating to short term leases (included in other expenses)	1.78	1.17
<b>Total amount recognised in Statement of Profit or Loss</b>	<b>6.57</b>	<b>6.31</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

The following are the amounts recognised in Statement of cash flows relating to leases

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total cash outflow towards lease payments (excluding short-term leases)	(4.56)	(4.56)
<b>Total amount recognised in Statement of cash flows</b>	<b>(4.56)</b>	<b>(4.56)</b>

### 14.3 Revaluation of Property, Plant and Equipment

Fair value of property, plant and equipment was determined by using the market value method, hypothetical layout method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of latest revaluation of 1 January 2022, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP & N.Ayyapan (for land), who are both Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

#### Information of revaluation model:

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

Particulars	Freehold land	Buildings	Plant and equipment	Right-of-use (ROU) assets	Total
<b>Net book value</b>					
<b>March 31, 2023</b>					
Cost	15.64	105.12	839.46	24.51	984.73
Accumulated depreciation	-	35.61	286.83	11.94	334.38
<b>Net carrying amount</b>	<b>15.64</b>	<b>69.51</b>	<b>552.63</b>	<b>12.57</b>	<b>650.35</b>
<b>March 31, 2022</b>					
Cost	15.64	96.00	801.82	21.11	934.57
Accumulated depreciation	-	30.57	248.20	8.86	287.63
<b>Net carrying amount</b>	<b>15.64</b>	<b>65.43</b>	<b>553.62</b>	<b>12.25</b>	<b>646.94</b>

#### 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:

Particulars	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Assets measured at fair value:</b>				
<b>March 31, 2023</b>				
<b>Revalued Property, Plant and Equipment</b>				
Freehold Land	1,065.50	-	164.46	901.04
Buildings	166.74	-	-	166.74
Plant and Machinery	949.28	-	-	949.28
	<b>2181.52</b>	<b>-</b>	<b>164.46</b>	<b>2,017.06</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Particulars	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Assets measured at fair value:</b>				
<b>March 31, 2022</b>				
<b>Revalued Property, Plant and Equipment</b>				
Freehold Land	1,065.50	-	164.46	901.04
Buildings	169.63	-	-	169.63
Plant and Machinery	980.75	-	-	980.75
	<b>2,215.88</b>	-	<b>164.46</b>	<b>2,051.42</b>

Significant Observable and unobservable Valuation Inputs :

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

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

### 15. Investments at FVTPL

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(i) Investments in the shares of bodies corporate</b>		
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E (2 Equity shares of face value of EGP 1000/- each)	0.04	0.04
	<b>0.04</b>	<b>0.04</b>
<b>(ii) Investments at cost</b>		
<b>- Investment in Subsidiaries</b>		
Unquoted fully paid equity shares		
Chemplast Cuddalore Vinyls Limited (30,30,30,303 Equity shares)	300.35	300.35
Compulsorily Convertible Debentures (CCD)		
Chemplast Cuddalore Vinyls Limited (12,55,33,516 Debentures of face value of ₹ 100 Each)	1,255.33	1,255.33
	<b>1,555.68</b>	<b>1,555.68</b>
<b>Aggregate value of unquoted investments</b>	<b>1,555.72</b>	<b>1,555.72</b>

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

### 16. Other non-current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits	17.26	13.97
Margin deposits	0.06	0.06
Bank deposits with more than 12 months maturity	0.01	0.01
Sundry Receivables	0.56	0.56
Claims receivables	1.33	1.33
	<b>19.22</b>	<b>15.93</b>



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 17. Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	40.94	17.17
<b>Advances other than capital advances</b>		
Security Deposit - Government Authorities	5.57	3.46
Prepaid expenses	2.34	3.15
	<b>48.85</b>	<b>23.78</b>

### 18. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and Intermediates	242.44	222.00
Work-in-progress	11.70	6.69
Finished Goods	10.82	11.92
Stores and spares	127.63	106.38
	<b>392.59</b>	<b>346.99</b>

#### Note:

#### Note (1) Exceptional item:

During the 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 ₹ 49.80 Crores during the year.

#### Note (2) Inventories includes goods in transit:

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and Intermediates	63.82	57.42
Stores and Spares	0.40	59.66
	<b>64.22</b>	<b>117.08</b>

### 19. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good**		
Receivable from related party (Refer Note 37)	115.62	1.90
Trade Receivables considered good - Unsecured**	140.36	178.54
	<b>255.98</b>	<b>180.44</b>

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

\*\* Also Refer Note 51 for Trade receivables ageing schedule

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 20. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Bank balances		
- in current account	146.02	11.72
- Deposits with original maturity of less than three months	365.95	343.20
Cheques on hand	-	2.09
Cash on hand	0.26	0.24
Stamps on hand	0.01	0.01
	<b>512.24</b>	<b>357.26</b>

### 21. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Margin deposits	-	80.10
Deposits with original maturity of more than three months but less than 12 months	15.31	21.41
Public Offer Account*	-	11.08
	<b>15.31</b>	<b>112.59</b>

\* There are restrictions on the bank balances held in Public Offer Account

### 22. Other current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security Deposits	4.01	7.04
Sundry receivable (Refer note 37)	47.42	62.09
Claims receivables	3.73	6.46
Interest receivable	1.94	1.80
	<b>57.10</b>	<b>77.39</b>

### 23. Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Advances other than capital advances</b>		
Prepaid expenses	2.84	2.11
Balances with Government authorities	28.19	-
Advance given to suppliers	15.86	19.74
	<b>46.89</b>	<b>21.85</b>

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## 24. Equity Share Capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
40,00,00,000 equity shares of ₹ 5/- each (Previous year 40,00,00,000 equity shares of ₹ 5/- each)	200.00	200.00
35,00,000 cumulative redeemable preference shares of ₹ 100/- each (Previous year 35,00,000 cumulative redeemable preference shares of ₹ 100/- each)	35.00	35.00
	<b>235.00</b>	<b>235.00</b>
<b>Issued</b>		
15,81,09,574 equity shares of ₹ 5/- each (Previous year 15,81,09,574 equity shares of ₹ 5/- each fully paid up)	79.06	79.06
<b>Subscribed and fully paid-up</b>		
15,81,09,574 equity shares of ₹ 5/- each (Previous year 15,81,09,574 equity shares of ₹ 5/- each)	79.06	79.06
	<b>79.06</b>	<b>79.06</b>

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

	No. of Shares	Share Capital
Balance at April 01, 2021	13,40,80,000	67.04
Issued during the year (Refer Note 43)	2,40,29,574	12.02
Balance as at 31 March 2022	15,81,09,574	79.06
Issued during the year	-	-
<b>Balance as at March 31, 2023</b>	<b>15,81,09,574</b>	<b>79.06</b>

#### Shares Held by Holding company and its subsidiaries

Sanmar Holdings Limited and its nominees 8,69,45,065 equity shares (Previous Year 8,69,45,065 equity shares)

#### Rights, Preferences and Restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of ₹ 5 per share (March 31, 2022: ₹ 5 per share). Each share holder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of holding	No. of Shares	% of holding
Sanmar Holdings Limited & its nominees	8,69,45,065	54.99 %	8,69,45,065	54.99 %
SBI Magnum Children's Benefit Fund - Investment Plan	1,49,44,879	9.45 %	1,54,30,527	9.76 %
Mirae Asset Tax Saver Fund	1,30,26,532	8.24 %	1,37,15,783	8.67 %

### C: Details of Shares held by promoters As at March 31, 2023

Promoter name	Shares	No. of Shares	Share Capital
Sanmar Holdings Limited	8,69,45,065	54.99 %	-

#### Details of Shares held by promoters As at March 31, 2022

Promoter name	Shares	No. of Shares	Share Capital
Sanmar Holdings Limited	8,69,45,065	54.99 %	(43.82) %

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 25. Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve	147.76	147.76
Capital redemption reserve (Refer A below)	39.18	39.18
Retained earnings (Refer B below)	1,098.21	927.91
Asset Revaluation reserve (Refer C below)	1,113.54	1,137.91
Capital reserve (Refer D below)	79.69	79.69
Securities Premium (Refer E below)	1,386.28	1,385.73
	<b>3,864.66</b>	<b>3,718.18</b>

### 25. (A) Capital Redemption Reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	39.18	39.18
<b>Balances at the end of the year</b>	<b>39.18</b>	<b>39.18</b>

### 25. (B) Retained earning

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the Beginning of the year	927.91	515.89
Profit / (Loss) for the year	145.57	379.48
Other Comprehensive Income	0.36	(0.90)
Depreciation on revalued assets	24.37	20.23
Transfer from revaluation reserve on disposal of asset	-	13.21
<b>Balances at the end of the year</b>	<b>1,098.21</b>	<b>927.91</b>

### 25. (C) Asset Revaluation Reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the Beginning of the year	1,137.91	1,044.45
Depreciation on revalued assets	(24.37)	(20.23)
Transferred to retained earnings on disposal asset	-	(13.21)
Other Comprehensive Income	-	126.90
<b>Balances at the end of the year</b>	<b>1,113.54</b>	<b>1,137.91</b>

### 25. (D) Capital Reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the Beginning of the year	79.69	79.69
<b>Balances at the end of the year</b>	<b>79.69</b>	<b>79.69</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 25. (E) Securities premium

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the Beginning of the year	1,385.73	126.67
Issue of equity shares during the year (refer note 43)	-	1,287.99
Transaction cost on issue of shares (refer note 43)	0.55	(28.93)
<b>Balances at the end of the year</b>	<b>1,386.28</b>	<b>1,385.73</b>

#### Nature and purpose of reserves:

##### Asset Revaluation Reserve:

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

##### Capital reserve

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

##### Capital Redemption Reserve:

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

##### Securities premium

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

##### General reserve

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

### 26. Non Current Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured – at amortised cost</b>		
<b>Term Loans</b>		
Term loan from Banks	206.84	-
	<b>206.84</b>	-
<b>Less : Current maturities of borrowings</b>		
Term loan from Banks	2.87	-
	<b>2.87</b>	-
	<b>203.97</b>	-

#### Summary of borrowing arrangements

Term loan from bank

- Term loan from bank amounting to ₹ 77.53 Crores (March 31, 2022: Nil) is secured by first pari passu charge over moveable fixed assets of the Company.
- Term loan from bank amounting to ₹ 109.56 Crores (March 31, 2022: Nil) is secured by first pari passu charge over moveable fixed assets of the Company.
- Term loan from bank amounting to ₹ 19.75 Crores (March 31, 2022: Nil) is secured by first pari passu charge over moveable fixed assets of the Company.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Repayment of loans

- (a) Repayment of term loan amounting to ₹ 77.53 Crores in 25 structured quarterly installments, commencing from December 2023

Note: Current interest rate of the above term loan is 8.71% (March 31, 2022: Nil)

- (b) Repayment of term loan amounting to ₹ 109.56 Crores in 25 structured quarterly installments, commencing from September-24

Note: Current interest rate of the above term loan is 9.15% (March 31, 2022: Nil)

- (c) Repayment of term loan amounting to ₹ 19.75 Crores in 25 structured quarterly installments, commencing from December-23

Note: Current interest rate of the above term loan is 9.38% (March 31, 2022: Nil)"

### Reconciliation of cashflows from financing activities

Promoter name	Liabilities from financing activities		
	Current borrowings	Non-Current borrowings	Total
Debt as at April 01, 2022	-	-	-
Proceeds from borrowings	-	211.00	211.00
Interest payments and non-cash movements (net)	-	(4.16)	(4.16)
<b>Debt as at March 31, 2023</b>	<b>-</b>	<b>206.84</b>	<b>206.84</b>
	Current borrowings	Non-Current borrowings	Total
Debt as at April 01, 2021	-	1,211.72	1,211.72
Repayment of borrowings	-	(1,238.25)	(1,238.25)
Interest payments and non-cash movements (net)	-	26.53	26.53
<b>Debt as at March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 27. Other non-current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Deposits	2.25	2.74
Accrued salaries and benefits	33.22	43.36
Other Payables	15.17	14.30
	<b>50.64</b>	<b>60.40</b>

### 28. Deferred tax liabilities/(assets) (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Difference between book and tax written down value of depreciable property, plant and equipment	539.74	552.07
MTM/Forward Premium claimable in future	0.05	0.71
Difference in allowable expenditure on foreign exchange contracts	(0.14)	(0.59)
Expenses allowable on payment basis	(16.26)	(12.06)
Employees Separation Scheme	(2.25)	(3.38)
Others	(0.01)	-
	<b>521.13</b>	<b>536.75</b>
<b>Reconciliation of deferred tax liabilities (net)</b>		
Opening balance	536.75	505.65
Change in statement of profit and loss	(15.81)	(27.03)
Change in other comprehensive income	0.19	58.13
<b>Closing balance</b>	<b>521.13</b>	<b>536.75</b>



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Note:

#### Unrecognised Minimum Alternate Tax Credit

Financial Year	Year of maturity	As at March 31, 2023	As at March 31, 2022
2017-18	2032-33	-	34.99
<b>Total</b>		<b>-</b>	<b>34.99</b>

#### 29. Other non - current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Other liabilities	3.76	3.77
	<b>3.76</b>	<b>3.77</b>

#### 30. Current Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured – at amortised cost		
Current maturities of Long term borrowings		
- Term loan from Banks	2.87	-
	<b>2.87</b>	<b>-</b>

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

#### 31. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Payable to related parties (Note 37)	-	0.01
Payable to others	568.18	385.66
	<b>568.18</b>	<b>385.67</b>

\* General Terms: The average credit period varies for each product between 0 to 240 days.

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

\* Includes dues for payment to Micro and Small enterprises ₹ 2.95 Crores (March 31, 2022: ₹ 3.34 Crores (Also refer note 42)

\* Also Refer Note 52 for Trade payables ageing schedule

#### 32. Derivative instruments

Particulars	As at March 31, 2023	As at March 31, 2022
Derivative Liability #	3.26	1.74
	<b>3.26</b>	<b>1.74</b>

# 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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 33. Other current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Payable / Accrual towards Capital Expenditure *	51.01	4.12
Accrued salaries and benefits	46.90	24.20
Trade Deposits	0.05	0.05
Other Payables	40.90	47.61
	<b>138.86</b>	<b>75.98</b>

\* Includes dues for payment to Micro and Small enterprises ₹ 10.88 Crores (March 31, 2022: ₹ 0.73 Crores) (Also refer note 42)

### 34. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers	10.23	15.95
Withholding and other tax payables	3.72	15.59
Other liabilities	11.00	12.94
	<b>24.95</b>	<b>44.48</b>

### 35. Current provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	0.92	2.64
	<b>0.92</b>	<b>2.64</b>

### 36. Financial instruments

#### 36.1 Capital management

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

The capital structure of the Company consists of debt, which includes the borrowings (Note 26 and 30), cash and cash equivalents (Note 20) and equity attributable to equity holders of the Company, comprising issued capital, securities premium, and retained earnings.

Gearing ratio

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2023 and March 31, 2022 were as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings (i)	206.84	-
Cash and Cash Equivalents	512.24	357.26
Net debt	(305.40)	(357.26)
Equity (ii)	3,943.72	3,797.24
Gearing Ratio	(0.08)	(0.09)

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

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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

Particulars	As at March 31, 2023	As at March 31, 2022
36.2.1 Financial assets at amortised cost		
Cash and cash equivalents (Note 20)	512.24	357.26
Other bank balances (Note 21)	15.31	112.59
Trade receivables (Note 19)	255.98	180.44
Other financial assets (Note 16 & 22)	76.32	93.32
<b>Total</b>	<b>859.85</b>	<b>743.61</b>

Particulars	As at March 31, 2023	As at March 31, 2022
36.2.2 Financial liabilities- At amortised cost		
Borrowings (Note 26, 30)	206.84	-
Trade payables (Note 31)	568.18	385.67
Other financial liabilities (Note 27 & 33)	189.50	136.38
Lease Liability (Note 14.2)	11.24	14.10
<b>Total</b>	<b>975.76</b>	<b>536.15</b>

### 36.3 Financial risk management objectives

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

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

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

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

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

### 36.4 Market risk

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

### 36.5 Foreign currency risk management

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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 36.5.1 Foreign currency sensitivity analysis

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Change in currency exchange rate	Impact on post tax profits and equity	Change in currency exchange rate	Impact on post tax profits and equity
USD	1 %	2.27	1 %	1.01
EUR	1 %	(0.04)	1 %	(0.03)

### 36.6 Commodity price risk

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

#### A) Ethylene, EDC :

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

#### B) Coal, Methanol :

The following table shows the effect of price changes for Coal, Methanol for the year ended March 2023 :

Particulars	As at March 31, 2023		As at March 31, 2022	
	Change in Price	Impact on post tax profits and equity	Change in Price	Impact on post tax profits and equity
Coal	5 %	10.65	5 %	5.91
Methanol	5 %	1.18	5 %	1.31
<b>Total</b>		<b>11.83</b>		<b>7.22</b>

### 36.7 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. 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, 2023		As at March 31, 2022	
	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	1.37	-	-

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 36.8 Interest rate risk management

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

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

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

None of the Company's cash equivalents, including time deposits with banks, trade receivables and other receivables, and other loans or receivables have an expected credit loss as at March 31, 2023.

#### 36.8.1 Trade receivables

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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, 2023	244.09	11.89	-	255.98
Trade Receivables as of March 31, 2022	171.39	9.05	-	180.44

#### 36.8.2 Financial instruments and cash deposits

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

### 36.9 Liquidity risk management

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

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

March 31, 2023	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	701.93	25.36	727.29
Interest bearing	14.51	237.22	251.73
	<b>716.44</b>	<b>262.58</b>	<b>979.02</b>
March 31, 2022	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	455.68	30.56	486.24
Interest bearing	10.57	41.08	51.65
	<b>466.25</b>	<b>71.64</b>	<b>537.89</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 36.10 Fair value hierarchy

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

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

Fair Value Hierarchy As at March 31, 2023	Carrying value	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>				
Investments	0.04	-	-	0.04
<b>Financial Liabilities measured at fair value</b>				
Derivative liabilities	3.26	-	3.26	

Fair Value Hierarchy As at March 31, 2022	Carrying value	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>				
Investments	0.04	-	-	0.04
<b>Financial Liabilities measured at fair value</b>				
Derivative liabilities	1.74	-	1.74	

Derivative instruments classified under Level 2 are valued using the quotes obtained by aggregators based on deals entered between market participants. Investments in unquoted equity shares classified under Level 3 are valued using DCF method. Long-term growth rate and Weighted average cost of capital are significant unobservable inputs whose sensitivity does not significantly affect the carrying values of such investments.

### 36.11 Fair values

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

Particulars	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Carrying Value	Carrying Value	Fair Value	Fair Value
<b>Financial assets</b>				
Investments	0.04	0.04	0.04	0.04
<b>Other financial assets</b>				
Deposits	36.65	122.59	36.65	122.59
Sundry receivables	49.92	64.45	49.92	64.45
Claims receivable	5.06	7.79	5.06	7.79
Trade receivables	255.98	180.44	255.98	180.44
Cash and cash equivalents	512.24	357.26	512.24	357.26
<b>Total</b>	<b>859.89</b>	<b>732.57</b>	<b>859.89</b>	<b>732.57</b>



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Particulars	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Carrying Value	Carrying Value	Fair Value	Fair Value
<b>Financial liabilities</b>				
<b>Borrowings</b>				
Floating rate borrowings	206.84	-	206.84	-
Fixed rate borrowings	-	-	-	-
Lease Liability	11.24	14.10	11.24	14.10
<b>Trade payables</b>	568.18	385.67	568.18	385.67
<b>Other financial liabilities</b>				
Accrued salaries and benefits	80.12	67.56	80.12	67.56
Payable / Accrual towards Capital Expenditure	51.01	4.12	51.01	4.12
Other payables	58.37	64.70	58.37	64.70
<b>Derivatives not designated as hedge</b>				
Derivative (asset) / liability	3.26	1.74	3.26	1.74
<b>Total</b>	<b>979.02</b>	<b>537.89</b>	<b>979.02</b>	<b>537.89</b>

- 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.
- 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.
- 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.

### 37. Related party transactions

#### List of parties where control exists

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

#### Subsidiary

Chemplast Cuddalore Vinyls Limited

#### Fellow Subsidiaries

Sanmar Group International Limited

TCI Sanmar Chemicals S.A.E.

Sanmar Overseas Investments AG

#### Directors

Vijay Sankar (From April 26, 2021)

Ramkumar Shankar

Chandran Ratnaswami (From April 26, 2021)

Dr. Amarnath Ananthanarayanan

V K Parthasarathy (Upto April 26, 2021)

Lavanya Venkatesh (Upto April 26, 2021)

Dr. Lakshmi Vijayakumar (From April 26, 2021)

Aditya Jain (From April 26, 2021)

Sanjay Vijay Bhandarkar (From April 26, 2021)

Prasad Raghava Menon (From April 26, 2021)

#### Terms and conditions of transactions with related parties:

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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties

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

Description	Parties where control exists		Subsidiary / Fellow Subsidiaries		Directors	
	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22
<b>Transactions during the year</b>						
<b>Sale of materials</b>						
Chemplast Cuddalore Vinyls Limited	-	-	255.61	2.89	-	-
<b>Purchase of materials</b>						
Chemplast Cuddalore Vinyls Limited	-	-	0.18	0.05	-	-
<b>Sublease of Land</b>						
Chemplast Cuddalore Vinyls Limited	-	-	1.38	-	-	-
<b>Remuneration</b>						
Ramkumar Shankar	-	-	-	-	2.16	1.69
<b>Sitting Fees</b>						
Dr. Lakshmi Vijayakumar	-	-	-	-	0.03	0.04
Aditya Jain	-	-	-	-	0.04	0.05
Sanjay Vijay Bhandarkar	-	-	-	-	0.05	0.06
Prasad Raghava Menon	-	-	-	-	0.04	0.05
<b>Commission</b>						
Dr. Lakshmi Vijayakumar	-	-	-	-	0.10	-
Aditya Jain	-	-	-	-	0.10	-
Sanjay Vijay Bhandarkar	-	-	-	-	0.10	-
Prasad Raghava Menon	-	-	-	-	0.10	-
<b>Balances as at year end</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Investments	-	-	1,555.72	1,555.72	-	-
Sundry receivable	-	-	42.60	54.27	-	-
Trade receivables	-	-	115.62	1.90	-	-
Trade payables	-	-	-	0.01	-	-

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

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

Details of Investment	Note	As at March 31, 2023	As at March 31, 2022
Unquoted fully paid equity shares			
TCI Sanmar Chemicals S.A.E.	15	0.04	0.04
March 31, 2023 : 2 (March 31, 2022 : 2) Equity shares, fully paid up, par value EGP 1000 each			
Chemplast Cuddalore Vinyls Limited	15	300.35	300.35
March 31, 2023: 30,30,30,303 (March 31, 2022: 30,30,30,303) Equity shares, fully paid up, par value ₹ 10 each			

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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
Compulsorily Convertible Debentures (CCD)			
Chemplast Cuddalore Vinyls Limited	15	1,255.33	1,255.33
March 31, 2023: 12,55,33,516 (March 31, 2022: 12,55,33,516)			
Compulsorily Convertible Debentures (CCD) of ₹ 100 each			

### (ii) Guarantees provided

The Company has provided corporate guarantee to State Industries Promotion Council of Tamil Nadu for ₹ 331.86 Crores towards the outstanding soft loan of ₹ 107.66 Crores ( March 31, 2022 : ₹ 107.66 Crores) availed by the subsidiary company, Chemplast Cuddalore Vinyls Limited.

### 39. Segment Reporting

The Company's operations predominantly relate to manufacture and sales of Specialty Chemicals. 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 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.

### 40. Contingent liabilities and Guarantees\*

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts :		
On account of Direct Taxes	32.76	11.34
On account of Indirect Taxes	22.81	24.75
On account of other disputes	16.43	16.44
<b>B. Guarantees</b>		
Corporate guarantee given to State Industries Promotion Corporation of Tamil Nadu (SIPCOT) in respect of soft loan availed by Chemplast Cuddalore Vinyls Limited from SIPCOT	107.66	107.66
- (Total amount of the corporate guarantee given by Chemplast Sanmar Limited to SIPCOT for the soft loan facility is ₹ 331.86 Crores - Actual amount of the Loan drawn by CCVL against this facility is ₹ 107.66 Crores (Previous year ₹ 107.66 Crores)		
<b>Total</b>	<b>179.66</b>	<b>160.19</b>

- \*
- 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.

### 41. Capital Commitments

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	325.52	108.04
<b>Total</b>	<b>325.52</b>	<b>108.04</b>

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 42. Dues to micro and small enterprises

As at March 31, 2023, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 31 and 33 have been determined to the extent such parties have been identified on the basis of information available with the Company.

43. The Company has completed the Initial Public Offer ("IPO") of 71,164,509 Equity Shares of the face value of ₹ 5/- each at an issue price of ₹ 541/- per Equity Share, comprising offer for sale of 4,71,34,935 shares by Selling Shareholders and fresh issue of 2,40,29,574 shares. The Equity Shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on August 24, 2021.

The utilisation of the net IPO proceeds is summarised below

Objects of the issue	Amount as per Prospectus	Revised Amount	Utilisation upto March 31, 2023	Unutilised as at March 31, 2023
Early redemption of Non-Convertible Debentures issued by our Company, In full	1,238.25	1,238.25	1,238.25	-
General corporate purposes	27.12	28.59	28.59	-
<b>Total</b>	<b>1,265.37</b>	<b>1,266.84</b>	<b>1,266.84</b>	<b>-</b>

The total offer expenses are ₹ 96.43 Crores (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Company as per respective offer size. The Company's share of these expenses is ₹ 33.16 Crores (inclusive of taxes), of which ₹ 28.38 Crores (excluding taxes) has been adjusted against securities premium.

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.

### 45. Corporate Social Responsibility

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Amount required to be spent by the Company during the year	4.08	2.84
(ii) Amount of expenditure incurred	4.21	3.02
(iii) Shortfall at the end of the year (1-2)	-	-
(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.

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## Excess amount spent on CSR

	As at March 31, 2023	As at March 31, 2022
Opening balance	-	-
Amount required to be spent during the year	4.08	2.84
Amount spent during the year	4.21	3.02
<b>Closing balance</b>	<b>0.13</b>	<b>-</b>

The Company has expenditure towards Corporate Social Responsibility in excess of the prescribed limits for the year ended March 31, 2023 and the same is carried forward to the next 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 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.

## 47. Relationship with Struck off Companies

During the year, the Company had transactions with a company which was struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Name of struck off Company - a customer of the Company	Nature of transactions with struck-off company	Balance outstanding ₹ Crores	Relationship with the Struck off company, if any, to be disclosed
Nathanz Chemicals Private Limited	Sale of products	0.003" (owed by the Company to customer)	Not related in any way to the Company

## 48. Employee benefit cost

### Defined benefit plans

Gratuity:

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2023 by a private actuary.

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate(s)	7.23 %	7.36 %
Return on plan assets	7.23 %	7.36 %
Expected rate(s) of salary increase	7.30 %	7.30 %
Attrition rate	2.00 %	2.00 %

Cost of defined benefit plans are as follows.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	1.55	1.24
Interest on obligation	1.07	0.84
Expected return on plan assets (to the extent it represents an adjustment to interest cost)	(0.98)	(0.84)
<b>Net cost recognised in the Statement of Profit and Loss</b>	<b>1.64</b>	<b>1.24</b>
Expected return on plan assets (to the extent it does not represent an adjustment to interest cost)	-	-
Actuarial (gains)/losses recognised in the year	(0.54)	1.39
<b>Net gain recognised in the Other Comprehensive Income</b>	<b>(0.54)</b>	<b>1.39</b>

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

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	16.71	15.19
Fair value of plan assets	15.79	12.55
<b>Net Liability / (Asset)</b>	<b>0.92</b>	<b>2.64</b>

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening fair value of plan assets	12.55	11.65
Return on plan assets	0.98	0.84
Actuarial gains / (losses)	0.68	(0.61)
Contributions from the employer	2.81	-
Transfer of obligations	(0.17)	2.09
Benefits paid	(1.07)	(1.41)
Closing fair value of plan assets	15.78	12.55



## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening defined benefit obligation	15.19	11.67
Current service cost	1.55	1.23
Interest cost	1.07	0.84
Actuarial (gains)/losses	0.14	0.77
Transfer of obligations	(0.17)	2.09
Benefits paid	(1.07)	(1.41)
Closing defined benefit obligation	16.71	15.19
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	0.18	(0.11)
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	(0.04)	0.89
<b>Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]</b>		
Year 1	0.86	0.63
Year 2	3.81	2.76
Year 3	1.97	2.13
Year 4	1.27	1.46
Year 5	1.51	1.60
Years 6 through 10	5.60	5.01

Note:

- 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 ₹ 1.59 Crores 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 %	0.04	0.16	(1.31)
Decrease in discount rate by 1 %	0.52	0.04	1.53
Increase in salary escalation by 1 %	0.52	0.22	1.54
Decrease in salary escalation by 1 %	0.04	0.01	(1.33)

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 49 Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.68	2.01	(16.42) %	-
Debt-equity ratio	Total Debt <sup>1</sup>	Shareholder's Equity	0.06	-		During 2021-22, the Company repaid the entire debt out of the IPO proceeds, hence the debt equity ratio has become zero in March'22.
Debt service coverage ratio	Earning for Debt Service <sup>2</sup>	Debt Service <sup>3</sup>	10.46	4.32	142.13 %	Debt service coverage ratio is higher for the year 2022-23 due to impact of decrease in debt service on account of repayment of entire Debt as mentioned above in 2021-22.
Return on equity ratio	Net Profits after taxes	Avg. Shareholder's Equity <sup>4</sup>	5.30 %	20.88 %	(74.62) %	Lower return on equity during 2022-23, due to lower profits.
Inventory turnover ratio	Net Sales	Avg. Inventory <sup>5</sup>	5.94	6.89	(13.79) %	-
Trade receivables turnover ratio	Net Sales	Avg. Trade Receivable <sup>6</sup>	10.07	16.20	(37.84) %	The ratio is lower in March'23 mainly on account of higher trade receivables as on 31st Mar 2023 from trading activity of ₹ 115 Crores (March'22 – Nil) and overall increase in average trade receivable value.
Trade payables turnover ratio	Net Purchases	Avg. Trade Payables <sup>7</sup>	2.10	2.17	(3.23) %	-
Net capital turnover ratio	Net Sales	Working Capital <sup>8</sup>	4.20	3.64	15.38 %	-
Net profit ratio	Net Profits after taxes	Net Sales	6.63 %	18.86 %	(64.85) %	Reduced price realisation of Paste PVC and Chloromethane products coupled with increased cost of power & fuel has led to lower profits and consequent reduction in Net Profit Margin.
Return on capital employed	EBIT	Capital Employed	5.30 %	17.74 %	(70.12) %	Reduction in EBIT due to reasons mentioned above compared to March'22, hence return on Capital employed has decreased.
Return on investment	Net Profit after taxes	Average Total Assets <sup>11</sup>	3.98 %	12.19 %	(67.35) %	Lower profits in 2022-23 has led to the decrease in return on investment.

Note:

1 Total Debt = Long term Borrowings (including current maturities of Long term Borrowings), lease liabilities (current and non-current), short term borrowings and Interest accrued on Debts)

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

- 2 Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortisations + Interest + other adjustments like loss on sale of Fixed assets etc.
- 3 Debt service = Interest & Lease Payments + Principal Repayments
- 4 Avg. Shareholder's Equity = Average of Opening Total Equity and Closing Total Equity excluding revaluation reserve
- 5 Avg. Inventory = Average of Opening Inventory and Closing Inventory
- 6 Avg. Trade Receivable = Average of Opening Trade Receivables and Closing Trade Receivables
- 7 Avg. Trade Payables = Average of Opening Trade Payables and Closing Trade Payables
- 8 Working capital shall be calculated as current assets minus current liabilities (excluding current maturities of long term debt, lease liability and interest accrued on borrowings)
- 9 EBIT = Earning before interest and taxes
- 10 Capital Employed = Tangible Net Worth (excluding revaluation reserve) + Total Debt + Deferred Tax Liability
- 11 Average Total Assets = Average of Opening Total Assets and Closing Assets excluding revaluation impact

### 50. Capital Work-in-progress ageing schedule

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>					
Projects in Progress	376.32	10.57	0.95	-	387.84
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>376.32</b>	<b>10.57</b>	<b>0.95</b>	<b>-</b>	<b>387.84</b>
<b>As at March 31, 2022</b>					
Projects in Progress	25.99	1.21	-	0.01	27.21
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>25.99</b>	<b>1.21</b>	<b>-</b>	<b>0.01</b>	<b>27.21</b>

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

### 51. 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
<b>As at March 31, 2023</b>							
(i) Undisputed Trade receivables – considered good	244.09	11.89	-	-	-	-	255.98
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Particulars	Not Due	Less than 6 months	6 months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2022</b>							
(i) Undisputed Trade receivables – considered good	171.39	9.05	-	-	-	-	180.44
(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	-	-	-	-	-	-	-

### 52. Trade Payables aging schedule

Particulars	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>							
(i) MSME	0.02	2.48	0.45	-	-	-	2.95
(ii) Others	51.29	498.82	14.66	0.16	0.26	0.04	565.23
(iii) MSME Disputed dues	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-
<b>As at March 31, 2022</b>							
(i) MSME	0.38	2.90	0.06	-	-	-	3.34
(ii) Others	40.84	337.23	3.47	0.64	0.15	-	382.33
(iii) MSME Disputed dues	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-

### 53. Significant accounting judgements, estimates and assumptions

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

#### a. Judgements

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

#### b. Estimates and assumptions

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

# NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## Impairment of non-financial assets

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

## Taxes

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

## Defined benefit plans

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

Further details about defined benefit obligations are given in Note 48.

## Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.

## Fair value measurement of property, plant and equipments

The Company measures land, buildings, plant and machinery classified as property, plant and equipment at revalued amounts with 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 01, 2022. Fair value of land was determined by using the market approach, hypothetical layout method and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 14.3.

## Revenue from contract with customers

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

## Leases - Estimating the incremental borrowing rate

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

## Useful life of PPE

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

## NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 54. Employees' benefits obligations

#### a. Defined contribution plan

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Company recognises 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.

### 55.

Previous year's figures have been regrouped wherever necessary.

### 56.

The Financial Statements for the year ended March 31, 2022 have been audited by a firm other than B S R & Co. LLP

As per our report of even date attached

#### For B S R & Co. LLP

Chartered Accountants

Firm Registration Number : 101248W/W-100022

#### S Sethuraman

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

#### Chemplast Sanmar Limited

#### Vijay Sankar

Chairman

DIN: 00007875

Place : Chennai

#### N Muralidharan

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

#### Ramkumar Shankar

Managing Director

DIN: 00018391

Place : Chennai

#### Sanjay Vijay Bhandarkar

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

#### M Raman

Company Secretary

Memb No. ACS 06248

Place : Chennai



# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Chemplast Sanmar Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Chemplast Sanmar Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and

other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Timing of revenue recognition

See Note 4 and 3.7 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group's revenue is derived primarily from sale of speciality chemicals and commodity chemicals. Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer.</p> <p>The Group and its external stakeholders focus on revenue as a key performance metric and the Group uses various shipment terms across its operating markets.</p> <p>Timing of revenue recognition has been identified as a key audit matter as there could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before control has been transferred</p>	<p>In view of the significance of the matter, we performed the following key audit procedures, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessed the Group's accounting policy for revenue recognition as per Ind AS.</li> <li>Tested the design, implementation and operating effectiveness of key controls relating to timing of revenue recognition.</li> <li>We used statistical sampling and performed substantive testing of selected samples of revenue transactions recorded during the year by verifying the underlying documents such as sale invoice, dispatch document and bill of lading and assessed the accuracy of the period in which revenue was recognised.</li> <li>Tested manual journal entries posted to revenue.</li> </ul>

### Write down of inventories

See Note 18 and 3.5 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The Group values its inventory at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p>

## INDEPENDENT AUDITOR'S REPORT (Contd.)

### See Note 18 and 3.5 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The prices of the products dealt by the Group were volatile during the year impacted by the international market conditions. This resulted in the Group recognizing write down of its inventories to NRV during the year.</p> <p>As NRV write downs of inventory involved significant estimates and complex computation, it is identified as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Assessed the Group's accounting policy for measurement of inventories as per Ind AS.</li> <li>• Tested the design, implementation and operating effectiveness of key controls relating to inventory measurement and NRV computation.</li> <li>• Performed substantive testing of inventory measurement in line with the Group's accounting policy.</li> <li>• Assessed the estimates of NRV of the inventory such as estimated selling price and estimated cost of completion considered in NRV computation.</li> <li>• Assessed the adequacy of disclosures as per applicable Ind AS framework.</li> </ul>

### Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making

judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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

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

## INDEPENDENT AUDITOR'S REPORT (Contd.)

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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

- a. The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion in their report dated 10 May 2022.

### 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, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary company incorporated in India, none of the directors

## INDEPENDENT AUDITOR'S REPORT (Contd.)

of the Group companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India 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 consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 40 to the consolidated financial statements.
- b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2023.
- c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2023.
- d. (i) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented that, to the best of their knowledge and belief, as disclosed in the Note 46 to the consolidated 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 Holding Company and its subsidiary 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 Holding Company and its subsidiary company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The respective management of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act

have represented that, to the best of their knowledge and belief, as disclosed in the Note 46 to the consolidated financial statements, no funds have been received by the Holding Company and its subsidiary company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company and its subsidiary 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 Holding Company and its subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.
- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company and its subsidiary company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.
- 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 remuneration paid/payable during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. 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

**S Sethuraman**  
Partner

Place: Chennai  
Date: 16 May 2023

Membership No.: 203491  
ICAI UDIN:23203491BGYXXH1323

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CHEMPLAST SANMAR LIMITED FOR THE YEAR ENDED 31 MARCH 2023

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

(xxi) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, has certain remark given by the respective auditor in their report under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the subsidiary	CIN	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Chemplast Cuddalore Vinyls Limited	U24100TN1991PLC020589	Clause (i)(c)*

\* This clause pertains to title deeds of certain immovable properties not held in the name of the subsidiary.

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

**S Sethuraman**  
Partner  
Membership No.: 203491  
ICAI UDIN:23203491BGYXXH1323

Place: Chennai  
Date: 16 May 2023

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CHEMPLAST SANMAR LIMITED FOR THE YEAR ENDED 31 MARCH 2023

## Report on the internal financial controls with reference to the aforesaid consolidated 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

In conjunction with our audit of the consolidated financial statements of Chemplast Sanmar Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, 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 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such 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 (the "Guidance Note").

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

The respective 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 respective 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the 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 consolidated financial statements, whether due to fraud or error.

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

### 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 consolidated 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



## ANNEXURE B (Contd.)

necessary to permit preparation of consolidated 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 consolidated 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

**S Sethuraman**  
*Partner*  
Place: Chennai  
Date: 16 May 2023  
Membership No.: 203491  
ICAI UDIN:23203491BGYXXH1323

# CONSOLIDATED BALANCE SHEET

As at March 31, 2023

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

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	3,123.76	3,195.14
Capital work-in-progress	14.1	401.82	33.65
Right-of-use assets	14.2	62.16	63.86
Financial Assets			
(i) Investments	15	0.04	0.04
(ii) Other financial assets	16	27.50	19.98
Non-current Tax assets (net)		18.95	2.09
Other non-current assets	17	56.88	26.27
		<b>3,691.11</b>	<b>3,341.03</b>
<b>Current assets</b>			
Inventories	18	643.10	711.05
Financial Assets			
(i) Trade receivables	19	142.64	189.85
(ii) Cash and cash equivalents	20	1,110.98	999.75
(iii) Bank balances other than (ii) above	21	80.91	229.44
(iv) Other financial assets	22	101.73	92.25
Other current assets	23	66.30	38.69
		<b>2,145.66</b>	<b>2,261.03</b>
<b>Total Assets</b>		<b>5,836.77</b>	<b>5,602.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	24	79.06	79.06
Instruments entirely equity in nature	25	34.32	34.32
<b>Other equity</b>	26	1,745.08	1,591.66
<b>Total Equity</b>		<b>1,858.46</b>	<b>1,705.04</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
(i) Borrowings	27	929.42	799.05
(ia) Lease Liabilities	14.2	7.97	11.24
(ii) Other financial liabilities	28	54.17	73.34
Deferred Tax Liabilities (Net)	29	716.68	741.45
Other non-current liabilities	30	35.72	16.42
		<b>1,743.96</b>	<b>1,641.50</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	31	78.55	68.33
(ia) Lease Liabilities	14.2	3.27	2.86
(ii) Trade payables	32		
- total outstanding dues of micro enterprises and small enterprises		5.57	5.56
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,855.96	1,922.80
(iii) Derivative liabilities	33	9.29	6.93
(iv) Other financial liabilities	34	197.39	107.85
Other current liabilities	35	62.10	84.03
Provisions	36	1.34	3.96
Current Tax Liability (Net)		20.88	53.20
		<b>2,234.35</b>	<b>2,255.52</b>
<b>Total liabilities</b>		<b>3,978.31</b>	<b>3,897.02</b>
<b>Total equity and liabilities</b>		<b>5,836.77</b>	<b>5,602.06</b>

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

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited****Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2023

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

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	4	4,941.08	5,891.99
Other income	5	79.89	57.48
<b>Total Income</b>		<b>5,020.97</b>	<b>5,949.47</b>
<b>Expenses</b>			
Cost of materials consumed	6a	3,205.58	3,705.06
Purchase of stock-in-trade	6b	-	26.90
Changes in inventories of stock-in-trade, finished goods and work-in-progress	7	6.12	(16.94)
Employee benefits expense	8	147.21	120.05
Finance costs	10	154.02	321.61
Depreciation Expense	14	142.00	137.13
Other expenses	9	1,114.03	860.11
<b>Total expenses</b>		<b>4,768.96</b>	<b>5,153.92</b>
<b>Profit / (Loss) before tax and exceptional items</b>		<b>252.01</b>	<b>795.55</b>
Exceptional items	18	80.50	-
<b>Profit / (Loss) before tax</b>		<b>171.51</b>	<b>795.55</b>
<b>Tax expense :</b>	11		
<b>Current tax</b>			
a) Current Year		(43.25)	(189.85)
b) Earlier Years		(0.93)	3.36
Deferred tax		25.02	39.59
<b>Profit / (Loss) after tax</b>		<b>152.35</b>	<b>648.65</b>
<b>Other comprehensive income</b>	12		
Items that will not be reclassified to profit or loss in subsequent periods			
- Remeasurement of defined benefit plans		0.77	(2.34)
- Deferred Tax expense relating to remeasurement of Defined Benefit Plans		(0.25)	0.72
- Revaluation of property, plant and equipment		-	198.19
- Deferred Tax expense relating to revaluation of property, plant and equipment		-	(61.76)
<b>Total Other Comprehensive Income</b>		<b>0.52</b>	<b>134.81</b>
<b>Total Comprehensive Income</b>		<b>152.87</b>	<b>783.46</b>
<b>Basic and Diluted Earnings per share (equity shares, par value ₹ 5/- each)</b>	13	<b>9.64</b>	<b>43.66</b>

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

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

**Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2023

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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	171.51	795.55
Adjustments for:		
Depreciation expense	142.00	137.13
Finance Costs	154.02	321.61
(Profit) / Loss on sale of Property, Plant & Equipment (net)	(0.02)	(19.32)
Liabilities no longer required written back	(0.23)	(2.67)
Interest income on financial assets at amortised cost	(64.31)	(33.86)
Difference in fair value of derivative instruments	2.36	(8.72)
Unrealised (gain) / loss of foreign exchange	(10.35)	26.61
Government grant Income	(14.44)	(0.58)
Exceptional Items	80.50	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>461.04</b>	<b>1,215.75</b>
Adjustments for changes in :		
Inventories	(12.55)	(303.95)
Trade and other receivables	12.14	(129.31)
Trade payables and other payables	(11.84)	295.50
<b>CASH GENERATED FROM OPERATIONS</b>	<b>448.79</b>	<b>1,077.99</b>
Income tax paid (net of refunds)	(93.36)	(177.04)
<b>NET CASH FROM / (USED IN) OPERATING ACTIVITIES</b>	<b>355.43</b>	<b>900.95</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	0.03	60.39
Purchase of property, plant & equipments	(419.59)	(112.47)
Deposits (placed) / realised (net) (including margin deposit)	137.44	129.41
Interest received	64.91	30.85
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>(217.21)</b>	<b>108.18</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of non-convertible debentures	-	(1,238.25)
Proceeds from Long term borrowings	211.00	100.00
Repayment of Long term borrowings	(59.30)	(151.58)
Payment of lease liability	(4.56)	(4.56)
Interest and finance charges paid	(163.60)	(300.63)
Proceeds from issue of equity shares	-	1,300.00
Receipts / (Payment) of transaction cost on issue of shares paid	(10.53)	(17.85)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(26.99)</b>	<b>(312.87)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>111.23</b>	<b>696.26</b>
Cash and cash equivalents at beginning of the year	999.75	303.49
<b>Cash and cash equivalents at end of the year</b>	<b>1,110.98</b>	<b>999.75</b>

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

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited****S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

**Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2023

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

### (a) Equity Share Capital

Particulars	Number of shares	Amount
Balance at April 1, 2021	13,40,80,000	67.04
Changes during the year 2021-22	2,40,29,574	12.02
Balance at March 31, 2022	15,81,09,574	79.06
Changes during the year 2022-23	-	-
Balance at March 31, 2023	15,81,09,574	79.06

### (b) Instruments entirely equity in nature

Particulars	Number of shares	Amount
Balance at April 1, 2021	34,31,984	34.32
Changes during the year 2021-22	-	-
Balance at March 31, 2022	34,31,984	34.32
Changes during the year 2022-23	-	-
Balance at March 31, 2023	34,31,984	34.32

### (c) Other Equity

Particulars	Capital Reserve	Securities premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained Earnings	General Reserve	Asset Revaluation Reserve	Total
Balance at April 1, 2021	(3,230.72)	126.67	39.25	123.83	950.27	23.93	1,515.91	(450.86)
Total Comprehensive Income	-	-	-	-	647.04	-	136.42	783.46
Issue of equity shares during the year	-	1,287.99	-	-	-	-	-	1,287.99
Share issue expenses (net of taxes)	-	(28.93)	-	-	-	-	-	(28.93)
Depreciation on revalued assets	-	-	-	-	39.84	-	(39.84)	-
Transfer from revaluation reserve on disposal of asset	-	-	-	-	13.21	-	(13.21)	-
Transfer from Debenture Redemption Reserve	-	-	-	(123.83)	-	123.83	-	-

## Consolidated Statement of changes in equity (Contd.)

Particulars	Capital Reserve	Securities premium	Capital Redemption Reserve	Debtenture Redemption Reserve	Retained Earnings	General Reserve	Asset Revaluation Reserve	Total
<b>Balance at March 31, 2022</b>	<b>(3,230.72)</b>	<b>1,385.73</b>	<b>39.25</b>	-	<b>1,650.36</b>	<b>147.76</b>	<b>1,599.28</b>	<b>1,591.66</b>
Total Comprehensive Income	-	-	-	-	152.87	-	-	152.87
Share issue expenses (net of taxes) (refer note 43)	-	0.55	-	-	-	-	-	0.55
Depreciation on revalued assets	-	-	-	-	43.45	-	(43.45)	-
<b>Balance at March 31, 2023</b>	<b>(3,230.72)</b>	<b>1,386.28</b>	<b>39.25</b>	-	<b>1,846.68</b>	<b>147.76</b>	<b>1,555.83</b>	<b>1,745.08</b>

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

As per our report of even date attached

**For B SR & Co. LLP**

Chartered Accountants

**Firm Registration Number : 101248W/W- 100022**

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

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

**Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)

## 1 Corporate Information

Chemplast Sanmar Limited ("the Holding Company", "CSL") is a public limited Company incorporated and domiciled in Chennai. The Holding Company is listed on Bombay Stock Exchange and National Stock Exchange. The registered office is located at Cathedral Road, Chennai and is into the production and sale of speciality chemicals. As of March 31, 2023, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies. As approved by the Board of Directors on March 30, 2021, the Holding Company had acquired 100% of Equity Share Capital in Chemplast Cuddalore Vinyls Limited ("the Subsidiary Company", "CCVL"), a company engaged in the business of manufacture and sale of Suspension PVC from Sanmar Engineering Services Limited.

## 2 Basis of Preparation

### 2.1 Statement of Compliance:

These Consolidated Financial Statements which comprise the Financial Statements of the Holding Company and its Subsidiary Company (Together called as the Group) have been prepared and presented from April 1, 2022 to March 31, 2023 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.

#### Basis of measurement

The Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

- a. derivative financial instruments
- b. investment in unquoted equity shares
- c. property, plant and equipment under revaluation model

These Consolidated Financial Statements are presented in INR and are rounded off to the nearest Crores, except when otherwise indicated.

These Consolidated Financial Statements were authorised for issue by the Holding Company's Board of Directors on May 16, 2023.

### 2.2 Basis of Consolidation

Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement

with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

The Holding Company, its Subsidiary re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group, loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's Financial Statements in preparing the Consolidated Financial Statements to ensure conformity with the Group's accounting policies.

Consolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent group.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Historical Audited Consolidated Financial Statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-Group transactions that are recognised in assets, such

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

as fixed assets, are eliminated in full). Intra-Group losses may indicate an impairment that requires recognition in the Historical Audited Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the Group loses control over a subsidiary, it:

- ∞ Derecognises the assets (including goodwill) and liabilities of the subsidiary
  - ∞ Derecognises the carrying amount of any non-controlling interests
  - ∞ Derecognises the cumulative translation differences recorded in equity
  - ∞ Recognises the fair value of the consideration received
  - ∞ Recognises the fair value of any investment retained
  - ∞ Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities. A change in the ownership interest of a

subsidiary, without loss of control, is accounted for as an equity transaction.

### Particulars of consolidation

The Financial Statements of the Subsidiary was considered for Consolidation

Name of the Company	Percentage of voting Power as on	
	March 31, 2023	March 31, 2022
Chemplast Cuddalore Vinyls Limited (CCVL)	100%	100%

### 2.2. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be 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 Group has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

### 2.3. Covid-19 and its impact on the Group's business

The Group has considered the possible effects that may result from COVID-19 in the preparation of these Consolidated Financial Statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

global economic conditions because of COVID-19, the Group has, at the date of approval of these Consolidated Financial Statements, used internal and external sources of information which are relevant and expects that the carrying amount of these assets will be recovered. The impact of Covid-19 on the Group's financial statement may differ from that estimated as at the date of approval of these Consolidated Financial Statements and the Group will continue to monitor any material changes to the future economic conditions.

## 2.4. Appropriateness of the Going Concern Assumption in the preparation of the Financial Statements:

During the year ended March 31, 2023, the Group has made a profit before tax after exceptional item of ₹ 171.51 Crores (Profit before tax of ₹ 795.55 Crores for the comparative year ended March 31, 2022). The management expects the demand for the Group's products to follow the recent trend established towards the end of the current period and considering the overall deficit in the Paste Grade PVC capacity in India and demand for PVC, is confident that the Group would be able to operate its plant at optimal capacity to generate profitable operations for the foreseeable future.

The Group also has a net current liability position of ₹ 88.72 Crores as at March 31, 2023 (net current asset position of ₹ 5.50 Crores as at March 31, 2022)

## 3 Significant Accounting Policies

### 3.1 Foreign currency transactions

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

### 3.2 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ∞ In the principal market for the asset or liability, or
- ∞ In the absence of a principal market, in the most advantageous market for the asset or liability
- ∞ The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group has an established control framework with respect to the measurement of fair values. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair values of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

- ∞ 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 Group becomes a party to the contractual provisions of the instrument.

#### Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Group determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### 3.3.1 Financial Assets

##### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- a. Debt instruments at amortised cost;
- b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);

##### a. Debt instruments at amortised cost;

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

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

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

##### b. Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 36.11

### 3.3.1.1 Impairment of financial assets

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

- ∞ Financial assets that are debt instruments are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it 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 Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

- ∞ All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required

to use the remaining contractual term of the financial instrument.

- ∞ Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

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

### 3.3.1.2 Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

### 3.3.2 Financial liabilities and equity instruments

#### 3.3.2.1 Classification as debt or equity

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

#### 3.3.2.2 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 Group are recognised at the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### 3.3.2.3 Convertible debt instruments

Convertible debt instruments are separated into liability and equity components based on the terms of the contract.

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

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount

of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible debt instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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

### 3.3.2.4 Financial liabilities

#### Initial Recognition and Measurement

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

#### Subsequent measurement

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

#### Loans and borrowings

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

### 3.3.2.5 Financial Guarantees

Group as a beneficiary: Financial guarantee contracts involving the Group as a beneficiary are accounted as per Ind AS 109. The Group assesses whether the financial guarantee is a separate unit of account (a separate component of the overall



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

arrangement) and recognises a liability as may be applicable.

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

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

### 3.3.2.6 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 Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new

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

## 3.4 Property, plant and equipment

### 3.4.1 Recognition and measurement

Property, Plant & Equipment and Capital Work in Progress are initially recognised 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.

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The fair value changes are effected by eliminating the accumulated depreciation against the gross carrying amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Apart from the above, the Group follows the cost model for Motor cars, Office equipments, Furniture & Fittings.

Other assets are measured at cost less depreciation. Freehold land is not depreciated.

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

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.

The Group, based on technical assessment made by management estimate supported by external

Chartered engineer's study, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 3.5 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. The Group produces certain joint-products which are valued on joint cost basis by apportioning the total costs incurred in the manufacture of those joint-products. By-products are valued at the net realisable value.

### 3.6 Retirement and Employees benefits

Short term employees' benefits including accumulated compensated absence are recognised as an expense as per the Group's Scheme based on expected obligations on undiscounted basis. The present value

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

of other long-term employees benefits are measured on a discounted basis as per the requirements of Ind AS 109.

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

#### **Provident Fund / Employee State Insurance:**

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

#### **Gratuity:**

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

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

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

#### **Termination benefits:**

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

### **3.7 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 Group 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 Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks. Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

#### **Sale of goods:**

Revenue from sale of goods is 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.

#### **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 Group 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 Group's right to an amount of consideration that is unconditional and is measured at transactional 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 Group has received consideration (or an amount

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### (iv) Variable consideration

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

#### Volume Rebates / Price Concessions / Special Discounts:

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

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

#### Service Income:

Income from services rendered is 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 recognised using the Effective Interest Rate (EIR) method.

### 3.9 Leases Group as a lessor

A lease is classified at the inception date as a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and

rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee.

#### Group as a lessee:

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

#### i) Right-of-use assets

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

Plant and Machinery - 7 Years

#### ii) Lease liabilities

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

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

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

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

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

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

#### Deferred Tax:

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

Deferred tax liabilities are 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.



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## Minimum Alternate Tax (MAT):

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

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

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

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

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

The Group applies significant judgment in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Group

considered whether it has any uncertain tax positions. The Group has determined, that it is probable that its tax treatments will be accepted by the taxation authorities.

## 3.11 Cash and Cash Equivalents

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

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

## 3.12 Provisions and Contingencies

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is 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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## 3.13 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



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for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

of this favorable 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 costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### 3.15 Impairment of Non-Financial Assets

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term

growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

### 3.16 Earnings Per Share

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

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

### 3.17 Standards issued but not effective

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

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### Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

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## 4. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>(i) Revenue from contract with Customers*</b>		
Revenue from the sale of goods	4,934.36	5,845.15
Revenue from the sale of traded goods	0.17	39.91
Revenue from the rendering of services	-	0.05
Leasing income	0.22	0.10
<b>(ii) Other operating revenue</b>		
Revenue from sale of scrap	4.93	5.74
Revenue from export incentives	1.40	1.04
	<b>4,941.08</b>	<b>5,891.99</b>

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per Contracted Price	5,103.81	6,020.09
Adjustments towards:		
Volume Rebates	77.38	32.99
Price concessions	47.96	80.76
Special discounts	43.94	21.28
<b>Revenue as per statement of profit and loss</b>	<b>4,934.53</b>	<b>5,885.06</b>

### Contract Balances

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Trade Receivables (contract asset)	142.64	189.85
Advance from customers (contract liability)	36.58	29.44
Revenue recognised from opening contract liabilities	29.44	20.06
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India ^	328.68	262.04
- Within India	4,612.40	5,629.95

\* 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.

^ Relates to specialities segment.

## 5. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gain on disposal of property, plant and equipment (net)	0.02	19.32
Provisions no longer required written back	0.23	2.66
Amortisation of Government grants	14.44	0.58
Recovery of bad debts	0.01	0.01
Interest income on financial assets at amortised cost	64.31	33.86
Miscellaneous income	0.88	1.05
	<b>79.89</b>	<b>57.48</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 6. Cost of materials consumed

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Inventories of material at the beginning of the year	510.53	294.70
Add : Purchase	3,127.65	3,920.89
Less : Inventories of material at the end of the year	432.60	510.53
	<b>3,205.58</b>	<b>3,705.06</b>
(b) Purchase of traded goods	-	26.90
	-	<b>26.90</b>

### 7. Changes in inventories of traded goods, finished goods and work-in-progress

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories at the beginning of the year		
Work-in-progress	11.71	11.03
Finished Goods	49.05	21.77
traded goods	0.38	11.40
	<b>61.14</b>	<b>44.20</b>
Inventories at the end of the year		
Work-in-progress	19.19	11.71
Finished Goods	35.83	49.05
traded goods	-	0.38
	<b>55.02</b>	<b>61.14</b>
Difference between opening and closing inventories		
Work-in-progress	(7.48)	(0.68)
Finished goods	13.22	(27.28)
traded goods	0.38	11.02
	<b>6.12</b>	<b>(16.94)</b>

### 8. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	134.81	110.03
Contribution to provident fund and others	8.31	6.69
Staff welfare expenses	4.09	3.33
	<b>147.21</b>	<b>120.05</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 9. Other Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	669.90	476.78
Stores consumed	99.99	82.90
Commission on sales	7.97	8.67
Rent	4.30	3.42
Insurance	21.79	17.54
Rates and taxes	5.69	7.38
Repairs and maintenance		
- Machinery	52.01	50.22
- Building	9.55	7.76
- Others	18.42	15.41
Freight and handling	56.91	45.94
Difference in foreign exchange (net) *	52.77	63.18
Outside processing expenses	7.97	6.76
Operation & Maintenance expenses	19.87	17.34
Legal and Professional fees	27.98	14.15
Payment to auditor <sup>^</sup>	0.98	1.19
Miscellaneous expenses	57.93	41.47
	<b>1,114.03</b>	<b>860.11</b>
Expense relating to short term leases (included in other expenses)	4.30	3.42

\*Net of fair value loss on derivative instruments at FVTPL of ₹ 2.36 Crores (2021-22: Gain ₹ 8.72 Crores)

<sup>^</sup> Fees for the year ended March 31, 2022 represents fees paid /payable to the previous auditor.

During the previous year the holding company has made payment of ₹ 2.81 Crores to auditors towards IPO expenses and the same has been considered as part of issue expenses.

### 10. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense	72.26	239.38
Other finance costs	79.10	81.48
Bank Charges	2.66	0.75
	<b>154.02</b>	<b>321.61</b>

### 11. Income taxes expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax:</b>		
Current income tax charge	(43.25)	(189.85)
Adjustments in respect of current income tax of prior years	(0.93)	3.36
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	25.02	39.59
Income tax expense reported in statement of profit and loss	<b>(19.16)</b>	<b>(146.90)</b>
<b>Other comprehensive income (OCI)</b>		
Items that will not be reclassified to profit and loss in subsequent periods		
Net loss/ (gain) on remeasurements of defined benefit obligations	(0.25)	0.72
Net loss/ (gain) on recognition of deferred tax on revaluation of fixed assets	-	(61.76)
Income tax charged to OCI	<b>(0.25)</b>	<b>(61.04)</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2023

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting profit before tax	171.51	795.55
Profit before Income tax multiplied by standard rate of corporate tax in India (34.944%) (March 31, 2022: 34.944%) as follows:	(59.92)	(277.96)
<b>Effects of:</b>		
Availment of unrecognised MAT credit	39.85	93.46
Ineligible expenses	(2.41)	(2.56)
Effect of different tax rates of subsidiaries	0.47	35.38
Adjustments in respect to current income tax of previous years	(0.93)	3.36
Leasehold land rent charges claimable under Income Tax	-	(0.70)
Impact of Income tax on sale of land	-	1.95
Impact of Government grant being recognised on below-par loan from Government	3.63	0.15
Others	0.15	0.02
<b>Net effective Income tax</b>	<b>(19.16)</b>	<b>(146.90)</b>

### 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 March 31, 2023	Retained Earnings	Total
Re-measurement gains/(losses) on defined benefit obligations	0.52	0.52
	<b>0.52</b>	<b>0.52</b>

During the year ended March 31, 2022	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	(1.61)		(1.61)
Revaluation of property, plant and equipment	-	136.42	136.42
	<b>(1.61)</b>	<b>136.42</b>	<b>134.81</b>

### 13. Earnings per share [EPS]:

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

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

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

#### Earnings per share :

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit/(Loss) after tax	152.34	648.65
Earnings used in the calculation of earnings per share	152.34	648.65
Weighted average number of equity shares for Basic & Diluted EPS	15,81,09,574	14,85,63,579
<b>Basic and diluted earnings per share</b>		
Basic earnings per share	9.64	43.66
Diluted earnings per share	<b>9.64</b>	<b>43.66</b>



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## 14. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixture	Office equipment	Vehicles	Total
<b>Cost or valuation :</b>							
Balance as at April 01, 2021	1,090.32	246.73	2,002.05	5.68	2.21	5.09	3,352.08
Additions	-	4.38	62.55	0.88	0.17	0.45	68.43
Disposals	20.56	1.10	11.87	0.02	0.13	1.23	34.91
Adjustments towards revaluation* (Refer note 14.4)	51.52	(18.73)	(151.14)	-	-	-	(118.35)
<b>Balance as at March 31, 2022</b>	<b>1,121.28</b>	<b>231.28</b>	<b>1,901.59</b>	<b>6.54</b>	<b>2.25</b>	<b>4.31</b>	<b>3,267.25</b>
Additions	-	9.12	53.97	1.87	0.03	1.93	66.92
Disposals	-	-	9.57	0.73	-	0.20	10.50
<b>Balance as at March 31, 2023</b>	<b>1,121.28</b>	<b>240.40</b>	<b>1,945.99</b>	<b>7.68</b>	<b>2.28</b>	<b>6.04</b>	<b>3,323.67</b>
<b>Accumulated depreciation</b>							
Balance as at April 01, 2021	-	23.98	235.56	2.52	1.23	2.07	265.36
Depreciation expense	-	12.07	119.71	0.94	0.22	0.56	133.50
Eliminated on disposals of assets	-	1.09	11.87	0.02	0.13	0.62	13.73
Adjustments towards revaluation* (Refer note 14.3)	-	(31.30)	(281.72)	-	-	-	(313.02)
<b>Balance as at March 31, 2022</b>	<b>-</b>	<b>3.66</b>	<b>61.68</b>	<b>3.44</b>	<b>1.32</b>	<b>2.01</b>	<b>72.11</b>
Depreciation expense	-	15.10	121.26	1.14	0.21	0.56	138.27
Eliminated on disposals of assets	-	-	9.57	0.72	-	0.18	10.47
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>18.76</b>	<b>173.37</b>	<b>3.86</b>	<b>1.53</b>	<b>2.39</b>	<b>199.91</b>
<b>Net Block</b>							
<b>Balance as at March 31, 2023</b>	<b>1,121.28</b>	<b>221.64</b>	<b>1,772.62</b>	<b>3.82</b>	<b>0.75</b>	<b>3.65</b>	<b>3,123.76</b>
<b>Balance as at March 31, 2022</b>	<b>1,121.28</b>	<b>227.62</b>	<b>1,839.91</b>	<b>3.10</b>	<b>0.93</b>	<b>2.30</b>	<b>3,195.14</b>

**Note:**

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

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

### 14.1 Capital in work-in-progress

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	33.66	25.08
Assets capitalised during the year	66.92	68.43
Additions	435.08	77.00
<b>Balance as at end of the year</b>	<b>401.82</b>	<b>33.65</b>

Also refer Note 51 for Capital work-in-progress ageing schedule

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 14.2 Right-of-use assets

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Carrying amount</b>		
Balance as at beginning of the year	63.86	61.19
Additions	2.03	2.78
Adjustments towards revaluation	-	3.52
Depreciation	3.73	3.63
<b>Balance as at end of the year</b>	<b>62.16</b>	<b>63.86</b>

Note: The carrying amount as at March 31, 2023 represents ₹ 9.16 Crores (March 31, 2022: ₹ 12.25 Crores) and ₹ 53.00 Crores (March 31, 2022: ₹ 51.61 Crores) towards plant and equipment and leasehold land respectively.

### Carrying amounts of lease liability recognised and movement during the year

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	14.10	16.61
Accretion of interest	1.70	2.05
Payments	4.56	4.56
<b>Balance as at end of the year</b>	<b>11.24</b>	<b>14.10</b>
Current	3.27	2.86
Non-current	7.97	11.24

### Maturity analysis - contractual undiscounted cash flows

Particulars	As at March 31, 2023	As at March 31, 2022
Not later than one year	4.56	4.56
Later than one year and not later than five years	9.12	13.68
<b>Total undiscounted lease liabilities</b>	<b>13.68</b>	<b>18.24</b>

### The following are the amounts recognised in Statement of Profit and Loss relating to leases

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use asset	3.73	3.63
Interest expense on lease liabilities	1.70	2.05
Expense relating to short term leases (included in other expenses)	4.30	3.43
<b>Total amount recognised in Statement of Profit or Loss</b>	<b>9.73</b>	<b>9.11</b>

### The following are the amounts recognised in Statement of cash flows relating to leases

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total cash outflow towards lease payments (excluding short-term leases)	(4.56)	(4.56)
<b>Total amount recognised in Statement of cash flows</b>	<b>(4.56)</b>	<b>(4.56)</b>

### 14.3 Revaluation of Property, Plant and Equipment

Fair value of property, plant and equipment was determined by using the market value method, hypothetical layout method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

or condition of the specific property. As at the date of latest revaluation of January 1, 2022, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP & N.Ayyapan (for land), who are both Registered Valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

### Information of revaluation model:

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

Particulars	Property, plant and equipment			Right-of-use (ROU) assets	Total
	Freehold land	Buildings	Plant and equipment		
<b>Net book value</b>					
<b>March 31, 2023</b>					
Cost	71.28	139.07	1,270.71	42.26	1,523.32
Accumulated depreciation	-	48.49	418.01	12.81	479.31
<b>Net carrying amount</b>	<b>71.28</b>	<b>90.58</b>	<b>852.70</b>	<b>29.45</b>	<b>1,044.01</b>
<b>March 31, 2022</b>					
Cost	71.28	129.95	1,226.32	40.24	1,467.79
Accumulated depreciation	-	42.36	359.66	9.57	411.59
<b>Net carrying amount</b>	<b>71.28</b>	<b>87.59</b>	<b>866.66</b>	<b>30.67</b>	<b>1,056.20</b>

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

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

Particulars	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Assets measured at fair value:</b>				
<b>March 31, 2023</b>				
<b>Revalued Property, Plant and Equipment</b>				
Freehold Land	1,121.28	-	220.24	901.04
Buildings	221.64	-	-	221.64
Plant and Machinery	1,772.62	-	-	1,772.62
<b>Revalued ROU</b>				
Leasehold Land	53.00	-	53.00	-
	<b>3,168.54</b>	<b>-</b>	<b>273.24</b>	<b>2,895.30</b>

Particulars	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>Assets measured at fair value:</b>				
<b>March 31, 2022</b>				
<b>Revalued Property, Plant and Equipment</b>				
Freehold Land	1,121.28	-	220.24	901.04
Buildings	227.62	-	-	227.62
Plant and Machinery	1,839.91	-	-	1,839.91
<b>Revalued ROU</b>				
Leasehold Land	51.61	-	51.61	-
	<b>3,240.42</b>	<b>-</b>	<b>271.85</b>	<b>2,968.57</b>

Significant Observable and unobservable Valuation Inputs :

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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.

### 15. Investments

Particulars	As at March 31, 2023	As at March 31, 2022
<b>i) Investments at FVTPL</b>		
<b>Unquoted fully paid equity shares</b>		
TCI Sanmar Chemicals S.A.E (2 Equity shares of face value of EGP 1000 each)	0.04	0.04
Sai Regency Power Corporation Private Limited	-	-
	<b>0.04</b>	<b>0.04</b>
Aggregate value of unquoted investments	<b>0.04</b>	<b>0.04</b>

(Also refer to note no 39 for details of investments and also refer note 38)

### 16. Other non-current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security deposits	25.54	18.02
Margin deposits	0.06	0.06
Bank deposits with more than 12 months maturity	0.01	0.01
Sundry Receivables	0.56	0.56
Claims receivables	1.33	1.33
	<b>27.50</b>	<b>19.98</b>

### 17. Other non-current assets

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances	46.52	17.33
<b>Advances other than capital advances</b>		
Security Deposit - Government Authorities	6.88	4.77
Prepaid expenses	3.48	4.17
	<b>56.88</b>	<b>26.27</b>

### 18. Inventories

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and Intermediates	432.60	510.53
Work-in-progress	19.19	11.71
Finished Goods	35.83	49.05
Stock-in-trade	-	0.38
Stores and spares	155.48	139.38
	<b>643.10</b>	<b>711.05</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Note (1) Exceptional item -

During the 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 Group 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 ₹ 80.50 Crores during the year.

### Note (2) Inventories includes goods in transit

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Material and Intermediates	202.33	267.92
Stores and Spares	1.17	68.67
	<b>203.50</b>	<b>336.59</b>

### 19. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good**		
Trade Receivables considered good - Unsecured**	142.64	189.85
	<b>142.64</b>	<b>189.85</b>

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

\*\*Also Refer Note 52 for trade receivables ageing schedule

There are no trade receivable from related parties

### 20. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Bank balances		
- in current account	256.81	51.95
- Deposits with original maturity of less than three months	853.85	944.98
Cheques on hand	-	2.56
Cash on hand	0.31	0.25
Stamps on hand	0.01	0.01
	<b>1,110.98</b>	<b>999.75</b>

### 21. Other bank balances

Particulars	As at March 31, 2023	As at March 31, 2022
Margin deposits	61.89	196.95
Deposits with original maturity of more than three months but less than 12 months	19.02	21.41
Public Offer Account*	-	11.08
	<b>80.91</b>	<b>229.44</b>

\* There are no restrictions on the bank balances held in Public Offer Account

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 22. Other current financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good)		
Security Deposits	5.44	7.75
Sundry Receivables (Refer note 38)	82.20	64.87
Claims receivables	9.76	14.71
Interest receivable	4.33	4.92
	<b>101.73</b>	<b>92.25</b>

### 23. Other current assets

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Advances other than capital advances</b>		
Prepaid expenses	3.46	3.00
Balances with Government authorities	33.81	-
Advance given to suppliers	29.03	35.69
	<b>66.30</b>	<b>38.69</b>

### 24. Equity Share Capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
40,00,00,000 equity shares of ₹ 5/- each (Previous year 40,00,00,000 equity shares of ₹ 5/- each)	200.00	200.00
35,00,000 cumulative redeemable preference shares of ₹ 100/- each (Previous year 35,00,000 cumulative redeemable preference shares of ₹ 100/- each)	35.00	35.00
	<b>235.00</b>	<b>235.00</b>
<b>Issued</b>		
15,81,09,574 equity shares of ₹ 5/- each (Previous year 15,81,09,574 equity shares of ₹ 5/- each fully paid up)	79.06	79.06
<b>Subscribed and fully paid-up</b>		
15,81,09,574 equity shares of ₹ 5/- each (Previous year 15,81,09,574 equity shares of ₹ 5/- each fully paid up)	79.06	79.06
	<b>79.06</b>	<b>79.06</b>

#### A. Reconciliation of shares outstanding at the beginning and at the end of the reporting year

Particulars	No. of Shares	Share Capital
Balance at 1 April 1, 2021	13,40,80,000	67.04
Issued during the year (Refer note 43)	2,40,29,574	12.01
Balance as at March 31, 2022	15,81,09,574	79.05
Issued during the year	-	-
Balance as at March 31, 2023	<b>15,81,09,574</b>	<b>79.05</b>



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## Shares Held by Holding company and its subsidiaries

Sanmar Holdings Limited and its nominees 86,945,065 equity shares (Previous Year 86,945,065 equity shares)

## Rights, Preferences and Restrictions attached to shares

Equity Shares: The Holding Company has one class of equity shares having a par value of ₹ 5 per share (March 31, 2022: ₹ 5 per share). Each share holder is eligible for one vote per share held. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of holding	No. of Shares	% of holding
Sanmar Holdings Limited and its nominees	8,69,45,065	54.99 %	8,69,45,065	54.99 %
SBI Magnum Children's Benefit Fund - Investment Plan	1,49,22,879	9.45 %	1,54,30,527	9.76 %
Mirae Asset Tax Saver Fund	1,30,26,532	8.24 %	1,37,15,783	8.67 %

## C: Details of Shares held by promoters at the end of the year As at March 31, 2023

Promoter Name	Shares	No. of Shares	Share Capital
Sanmar Holdings Limited	8,69,45,065	54.99 %	-
	<b>8,69,45,065</b>	<b>54.99 %</b>	-

## D: Details of Shares held by promoters at the end of the year As at March 31, 2022

Promoter Name	Shares	No. of Shares	Share Capital
Sanmar Holdings Limited	8,69,45,065	54.99 %	43.82 %
	<b>8,69,45,065</b>	<b>54.99 %</b>	<b>43.82 %</b>

## 25. Instruments entirely equity in nature

### Reconciliation of Instruments entirely equity in nature outstanding at the beginning and at the end of the year

Particulars	No. of CCD	Amount
Balance at 1 April 2021	34,31,984	34.32
Issued during the year	-	-
Balance at 31 March 2022	34,31,984	34.32
Issued during the year	-	-
<b>Balance at 31 March 2023</b>	<b>34,31,984</b>	<b>34.32</b>

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

- 7,35,000 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 31, 2029
- 12,00,000 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 31, 2029
- 14,96,984 CCD issued are compulsorily convertible into equity shares of the subsidiary company, at par, anytime as may be decided by the subsidiary company, but not later than March 20, 2029
- The CCDs shall not carry any interest.
- The CCDs are not marketable securities and can be transferred only at the discretion of the issuer company of the Group.
- The application for CCD shall be deemed to be the application for Shares when the conversion takes place.
- The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.
- 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.
- The application for CCD shall be deemed to be the application for shares when the conversion takes place.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### B. Details of Debenture holders of the group

Name of Debenture Holder	As at March 31, 2023		As at March 31, 2022	
	No. of Debentures	% of holding	No. of Debentures	% of holding
Sanmar Engineering Services Limited (Ultimate Holding Company) of face value of ₹ 100 each	34,31,984	100.00 %	34,31,984	100.00 %
	<b>34,31,984</b>	<b>10,000</b>	<b>34,31,984</b>	<b>10,000</b>

### 26. Other Equity

Particulars	As at March 31, 2023	As at March 31, 2022
General reserve	147.76	147.76
Capital redemption reserve (Refer A below)	39.25	39.25
Retained earnings (Refer B below)	1,846.68	1,650.36
Asset Revaluation reserve (Refer C below)	1,555.83	1,599.28
Capital reserve (Refer D below)	(3,230.72)	(3,230.72)
Share Premium Reserve (Refer E below)	1,386.28	1,385.73
	<b>1,745.08</b>	<b>1,591.66</b>

#### 26. (A) Capital Redemption Reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the beginning of the year	39.25	39.25
<b>Balances at the end of the year</b>	<b>39.25</b>	<b>39.25</b>

#### 26. (B) Retained earning

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the beginning of the year	1,650.36	950.27
Profit / (Loss) for the year	152.35	648.65
Other Comprehensive Income	0.52	(1.61)
Depreciation on revalued assets	43.45	39.84
Transfer from revaluation reserve on disposal of asset	-	13.21
<b>Balances at the end of the year</b>	<b>1,846.68</b>	<b>1,650.36</b>

#### 26. (C) Asset Revaluation Reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the beginning of the year	1,599.28	1,515.91
Depreciation on revalued assets	(43.45)	(39.84)
Transfer from revaluation reserve on disposal of asset	-	(13.21)
Other Comprehensive Income	-	136.42
<b>Balances at the end of the year</b>	<b>1,555.83</b>	<b>1,599.28</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 26. (D) Capital Reserve

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the beginning of the year	(3,230.72)	(3,230.72)
<b>Balances at the end of the year</b>	<b>(3,230.72)</b>	<b>(3,230.72)</b>

### 26. (E) Securities premium

Particulars	As at March 31, 2023	As at March 31, 2022
Balances at the beginning of the year	1,385.73	126.67
Issue of equity shares during the year (refer note 43)	-	1,287.99
Transaction cost on issue of shares (refer note 43)	0.55	(28.93)
<b>Balances at the end of the year</b>	<b>1,386.28</b>	<b>1,385.73</b>

#### Nature and purpose of reserves:

##### Asset Revaluation Reserve

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

##### Capital reserve

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

##### Capital Redemption Reserve

The Group had created Capital Redemption reserve in respect of redemption of preference shares in accordance with Companies Act 2013.

##### Securities premium

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

##### General reserve

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

### 27. Non Current Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured – at amortised cost</b>		
<b>Term Loans</b>		
Term loan from Banks	693.44	515.28
Term loans from Financial Institutions	222.13	261.77
SIPCOT Soft Loan	92.40	90.33
(A)	<b>1,007.97</b>	<b>867.38</b>
<b>Less : Current maturities of borrowings</b>		
Term loan from Banks	37.18	28.69
Term loan from Financial Institutions	41.37	39.64
(B)	<b>78.55</b>	<b>68.33</b>
(A) - (B)	<b>929.42</b>	<b>799.05</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Summary of borrowing arrangements

#### Term Loan from Banks

- Term loan of holding company from bank amounting to ₹ 77.53 Crores (March 31, 2022: Nil) is secured by first pari passu charge over moveable fixed assets of the Company.
- Term loan of holding company from bank amounting to ₹ 109.56 Crores (March 31, 2022: Nil) is secured by first pari passu charge over moveable fixed assets of the Company.
- Term loan from bank amounting to ₹ 19.76 Crores (March 31, 2022: Nil) is secured by first pari passu charge over moveable fixed assets of the Company.
- Term loan of the subsidiary company from bank amounting to ₹ 486.60 Crores (March 31, 2022: ₹ 515.28 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 bank account of the Company.
- Corporate Guarantee of Sanmar Engineering Service Limited for ₹ 825 Crores towards the term loan, but limited to current outstanding of ₹ 515.28 Crores.
- The Bank has a put option on the term loan at the end of 7 years from the period of first disbursement being December-2019.

#### Soft loan from SIPCOT

- Term loans of the subsidiary company from SIPCOT amounting to ₹ 92.40 Crores (March 31, 2022: ₹ 90.32 Crores) is secured by first pari passu charge on specific land, buildings and plant and machinery of subsidiary. (Refer note 3.13)

#### Term loan from Financial Institution

- Term loan of subsidiary from financial institution amounting to ₹ 222.13 Crores (March 31, 2022: ₹ 261.77 Crores) is secured by first pari passu charge over entire moveable fixed assets of the Borrower, both present and future, first pari passu charge over the entire immoveable fixed assets (leasehold and freehold lands admeasuring about 190 acres) of the Borrower, both present and future, Second pari passu charge over current assets of the Borrower, both present and future and exclusive charge over debt service reserve bank account of subsidiary.
- Corporate Guarantee of Sanmar Engineering Service Limited towards the term loan aggregating to ₹ 300 Crores but limited to current outstanding of ₹ 222.13 Crores.
- The financial institution has a put option on the term loan amounting to ₹ 93.22 Crores at the end of 5 years from the period of first disbursement being December-2021.

#### Repayment of loans

- Repayment of term loan of holding company amounting to ₹ 77.52 Crores in 25 structured quarterly installments, commencing from December 2023  
Note: Current interest rate of the above term loan is 8.71% (March 31, 2022: Nil)
- Repayment of term loan of holding company amounting to ₹ 109.56 Crores in 25 structured quarterly installments, commencing from September-24  
Note: Current interest rate of the above term loan is 9.15% (March 31, 2022: Nil)
- Repayment of term loan of holding company amounting to ₹ 19.76 Crores in 25 structured quarterly installments, commencing from December-23  
Note: Current interest rate of the above term loan is 9.38% (March 31, 2022: Nil)
- Repayment of term loan of subsidiary from banks in 40 structured quarterly installments commenced from February 2020. The subsidiary company had opted for moratorium for the quarterly instalments that were due in May-20 and Aug-20, under the regulatory package notified by the Reserve Bank of India as part of COVID-19 relief measures.  
Note: Current interest rate of the above term loan is 8.75% (March 31, 2022: 8.75%)
- Soft loan from SIPCOT repayable in the 10th year from drawal.
- Repayment of 1st tranche of term loan amounting to ₹ 128.92 Crores from financial institution in 23 equated quarterly installments, commencing from May-21  
Note: Current interest rate of the above term loan is 10.75% (March 31, 2022: 10.75%)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

- (g) Repayment of 2nd tranche of term loan amounting to ₹ 93.22 Crores from financial institution in 34 structured quarterly installments, commencing from February-22

Note: Current interest rate of the above term loan is 8.90% (March 31, 2022: 8.90%)

### Reconciliation of cashflows from financing activities

Particulars	Liabilities from financing activities		
	Current borrowings	Non-Current borrowings	Total
Debt as at April 1, 2022	-	867.38	867.38
Proceeds from borrowings	-	211.00	211.00
Repayment of borrowings, net	-	(59.30)	(59.30)
Other non-cash movements	-	(11.11)	(11.11)
<b>Debt as at March 31, 2023</b>	-	<b>1,007.97</b>	<b>1,007.97</b>

Particulars	Current borrowings	Non-Current borrowings	Total
Debt as at April 1, 2021	-	2,110.23	2,110.23
Proceeds from borrowings	-	100.00	100.00
Repayment of borrowings, net	-	(1,389.83)	(1,389.83)
Other non-cash movements	-	46.98	46.98
<b>Debt as at March 31, 2022</b>	-	<b>867.38</b>	<b>867.38</b>

### 28. Other non-current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Deposits	4.30	5.29
Accrued salaries and benefits	33.22	52.25
Other Payables	16.65	15.80
	<b>54.17</b>	<b>73.34</b>

### 29. Deferred tax liabilities/(assets) (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Difference between book and tax written down value of property, plant and equipment	750.14	771.61
Payments allowable in full under Income Tax but amortised over a period in books	1.50	2.18
MTM/Forward Premium claimable in future	1.22	3.52
Difference in allowable expenditure on foreign exchange contracts	(1.46)	(4.34)
Expenses allowable on payment basis	(32.54)	(28.22)
Employees Separation Scheme	(2.25)	(3.38)
Others	0.07	0.08
	<b>716.68</b>	<b>741.45</b>
<b>Reconciliation of deferred tax liabilities (net)</b>		
Opening balance	741.45	720.00
Change in statement of profit and loss	(25.02)	(39.59)
Change in other comprehensive income	0.25	61.04
<b>Closing balance</b>	<b>716.68</b>	<b>741.45</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Unrecognised Minimum Alternate Tax Credit

Financial Year	Year of maturity	As at March 31, 2023	As at March 31, 2022
2017-18	2032-33	-	34.99
<b>Total</b>		<b>-</b>	<b>34.99</b>

### 30. Other non - current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Government grant*	31.96	12.65
Other liabilities	3.76	3.77
	<b>35.72</b>	<b>16.42</b>

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

### 31. Current Borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured – at amortised cost		
Current maturities of Long term borrowings		
- Term loan from Financial Institutions	41.37	39.64
- Term loan from Banks	37.18	28.69
	<b>78.55</b>	<b>68.33</b>

#### Security Particulars

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

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

### 32. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of creditors*	1,861.53	1,928.36
	<b>1,861.53</b>	<b>1,928.36</b>

\* General Terms: The average credit period varies for each product between 1 to 270 days. In General - No interest is charged for the initial period of 60 days. Thereafter interest / discounting charges is paid at LIBOR / SOFR + Spread on the outstanding balance.

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

\* Includes dues for payment to Micro and Small enterprises ₹ 5.89 Crores (Previous year ₹ 5.56 Crores) (Also refer Note 42)

\* Also Refer Note 53 for Trade payable ageing schedule



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 33. Derivative instruments

Particulars	As at March 31, 2023	As at March 31, 2022
Derivative Liability	9.29	6.93
	<b>9.29</b>	<b>6.93</b>

### 34. Other current financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Payable / Accrual towards Capital Expenditure*	52.05	5.33
Accrued salaries and benefits	75.28	31.69
Trade Deposits	0.05	0.05
Other Payables	70.01	70.78
	<b>197.39</b>	<b>107.85</b>

\* Includes dues for payment to Micro and Small enterprises ₹ 10.95 Crores (March 31, 2022: ₹ 0.86 Crores) (Also refer Note 42)

### 35. Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Government grant	1.58	0.58
Advance from customers	36.58	29.44
Withholding and other tax payables	5.33	35.54
Other liabilities	18.61	18.47
	<b>62.10</b>	<b>84.03</b>

### 36. Current provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	1.34	3.96
	<b>1.34</b>	<b>3.96</b>

### 37. Financial instruments

#### 37.1 Capital management

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

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### Gearing ratio

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2023 and March 31, 2022 were as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings (i)	1,007.97	867.38
Cash and Cash Equivalents	1,110.98	999.75
Net debt	(103.01)	(132.37)
Equity (ii)	1,858.45	1,705.04
Gearing Ratio	(0.06)	(0.08)

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

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>37.2.1 Financial assets at amortised cost</b>		
Cash and cash equivalents (Note 20)	1,110.98	999.75
Other bank balances (Note 21)	80.91	229.44
Trade receivables (Note 19)	142.64	189.85
Other financial assets (Note 16 & 22)	129.23	112.23
	<b>1,463.76</b>	<b>1,531.27</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>37.2.2 Financial liabilities- At amortised cost</b>		
Borrowings (Note 27, 31)	1,007.97	867.38
Trade payables (Note 32)	1,861.53	1,928.36
Other financial liabilities (Note 28 & 34)	251.56	181.19
Lease liability (Note 14.2)	11.24	14.10
	<b>3,132.30</b>	<b>2,991.03</b>

### 37.3 Financial risk management objectives

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial asset include loans, trade and other receivables, cash & cash equivalents that derive directly from its operations. The Group's activities expose it primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance. There has been no change to the Group's exposure to market risk or the manner which these risk are managed and measured.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 37.4 Market risk

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

#### 37.5.1 Foreign currency sensitivity analysis

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Change in currency exchange rate	Impact on post tax profits and equity	Change in currency exchange rate	Impact on post tax profits and equity
USD	1%	11.70	1%	11.24
EURO	1%	(0.04)	1%	(0.03)

### 37.6 Commodity price risk

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

#### A) Ethylene, EDC, VCM:

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

#### B) Coal, Methanol:

The following table shows the effect of price changes for Coal, Methanol for the year 2022-23:

Product	As at March 31, 2023		As at March 31, 2022	
	Change in Price	Impact on post tax profits and equity	Change in Price	Impact on post tax profits and equity
Coal	5 %	10.65	5 %	5.91
Methanol	5 %	1.18	5 %	1.31
<b>Total</b>		<b>11.83</b>		<b>7.22</b>

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	6.68	100	5.83

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

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

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

None of the Group's cash equivalents, including time deposits with banks, trade receivables and other receivables, and other loans or receivables have an expected credit loss as at March 31, 2023

#### 37.8.1 Trade receivables

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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, 2023	130.75	11.89	-	142.64
Trade Receivables as of March 31, 2022	180.80	9.05	-	189.85

#### 37.8.2 Financial instruments and cash deposits

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 37.9 Liquidity risk management

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

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

March 31, 2023	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	2,059.84	28.88	2,088.72
Interest bearing (excluding interest accrual)	90.19	962.67	1,052.86

March 31, 2022	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	2,035.41	43.50	2,078.91
Interest bearing (excluding interest accrual)	78.90	840.13	919.03

### 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).

	Carrying value	Level 1	Level 2	Level 3
<b>Financial Assets/(Liabilities) measured at fair value</b>				
Investments	0.04	-	-	0.04
Derivative assets / liabilities	(9.29)	-	(9.29)	-

	Carrying value	Level 1	Level 2	Level 3
<b>Financial Assets/(Liabilities) measured at fair value</b>				
Investments	0.04	-	-	0.04
Derivative assets / liabilities	(6.93)	-	(6.93)	-

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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 37.11 Fair values

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

Particulars	Carrying Value		Fair Value	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Financial assets</b>				
Investments	0.04	0.04	0.04	0.04
<b>Other financial assets</b>				
Deposits	111.96	255.28	111.96	255.28
Sundry receivables	87.09	70.35	87.09	70.35
Claims receivable	11.09	16.04	11.09	16.04
Trade receivables	142.64	189.85	142.64	189.85
Cash and cash equivalents	1,110.98	999.75	1,110.98	999.75
<b>Total</b>	<b>1,463.80</b>	<b>1,531.31</b>	<b>1,463.80</b>	<b>1,531.31</b>

Particulars	As at March 31, 2023 Carrying Value	As at March 31, 2022	As at March 31, 2023 Fair Value	As at March 31, 2022
	<b>Financial liabilities</b>			
<b>Borrowings</b>				
Floating rate borrowings	915.57	777.05	915.57	777.05
Fixed rate borrowings	92.40	90.33	92.40	90.33
<b>Trade payables</b>	1,861.53	1,928.36	1,861.53	1,928.36
<b>Other financial liabilities</b>				
Accrued salaries and benefits	108.50	83.94	108.50	83.94
Payable / Accrual towards Capital Expenditure	52.05	5.33	52.05	5.33
Other payables	91.01	91.92	91.01	91.92
Lease Liability	11.24	14.10	11.24	14.10
<b>Derivatives not designated as hedge</b>				
Derivative (asset) / liability	9.29	6.93	9.29	6.93
<b>Total</b>	<b>3,141.59</b>	<b>2,997.96</b>	<b>3,141.59</b>	<b>2,997.96</b>

- i. The management assessed that cash and cash equivalents, short-term investments, trade receivables, trade payables, other current financial liabilities, other current financial assets, current sundry receivables, current deposits, accrued salaries and benefits approximate their carrying amounts largely due to their short-term nature.
- ii. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- iii. Fixed rate Borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## 38. Related party transactions

### List of parties where control exists

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

### Subsidiary

Chemplast Cuddalore Vinyls Limited

### Fellow Subsidiaries

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

### Directors

Vijay Sankar (From April 26, 2021)  
Ramkumar Shankar  
Chandran Ratnaswami (From April 26, 2021)  
Dr. Amarnath Ananthanarayanan  
V K Parthasarathy (Upto April 26, 2021)  
Lavanya Venkatesh (Upto April 26, 2021)  
Dr. Lakshmi Vijayakumar (From April 26, 2021)  
Aditya Jain (From April 26, 2021)  
Sanjay Vijay Bhandarkar (From April 26, 2021)  
Prasad Raghava Menon (From April 26, 2021)

### Terms and conditions of transactions with related parties:

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

For the year ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

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

Description	Parties where control exists		Fellow Subsidiaries		Directors	
	Apr'22 to Mar'23	Apr'21 to Mar'22	Apr'22 to Mar'23	Apr'21 to Mar'22	Apr'22 to Mar'23	Apr'21 to Mar'22
<b>Transactions during the year</b>						
<b>Purchase of MEIS Scrips</b>						
Sanmar Engineering Services Limited	-	0.12	-	-	-	-
<b>Remuneration</b>						
Ramkumar Shankar	-	-	-	-	2.16	1.69
<b>Sitting Fees</b>						
Dr. Lakshmi Vijayakumar	-	-	-	-	0.06	0.07
Aditya Jain	-	-	-	-	0.07	0.07
Sanjay Vijay Bhandarkar	-	-	-	-	0.05	0.06
Prasad Raghava Menon	-	-	-	-	0.04	0.05
<b>Commission</b>						
Dr. Lakshmi Vijayakumar	-	-	-	-	0.10	-
Aditya Jain	-	-	-	-	0.10	-
Sanjay Vijay Bhandarkar	-	-	-	-	0.10	-
Prasad Raghava Menon	-	-	-	-	0.10	-
<b>Balances as at year end</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
Investments	-	-	0.04	0.04	-	-
Sundry Receivable	-	-	42.60	54.93	-	-

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

Details of Investment	As at March 31, 2023	As at March 31, 2022
Unquoted fully paid equity shares		
TCI Sanmar Chemicals S.A.E.*	0.04	0.04
(2 (2) Equity shares, fully paid up, par value EGP 1000 each)		
600,000 Shares of face vale ₹ 10 each (Previous year 600,000 Shares of face vale ₹ 10 each)		

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

### 40. Contingent liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Contingent Liabilities</b>		
Claims against the Company not acknowledged as debts:		
On account of Direct Taxes	33.01	12.24
On account of Indirect Taxes	28.33	29.59
On account of other disputes	16.62	16.64
Corporate guarantee given to State Industries Promotion	107.66	107.66
<b>Total</b>	<b>185.62</b>	<b>166.13</b>

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

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

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

### 41. Capital commitments:

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	341.22	130.15
	<b>341.22</b>	<b>130.15</b>

### 42. Dues to micro and small enterprises

As at March 31, 2023, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 32 and 34 have been determined to the extent such parties have been identified on the basis of information available with the Group.

### 43.

The Holding Company has completed the Initial Public Offer (IPO) of 7,11,64,509 Equity Shares of the face value of ₹ 5/- each at an issue price of ₹ 541/- per Equity Share, comprising offer for sale of 4,71,34,935 shares by Selling Shareholders and fresh issue of 2,40,29,574 shares. The Equity Shares of the Holding Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on August 24, 2021.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

The utilisation of the net IPO proceeds is summarised below:

Objects of the issue	Amount as per Prospectus	Revised Amount	Utilisation Upto 31st Mar, 2023	Unutilised As at 31st Mar, 2023
Early redemption of Non-Convertible Debentures issued by our Company, In full	1,238.25	1,238.25	1,238.25	-
General corporate purposes	27.12	28.59	28.59	-
<b>Total</b>	<b>1,265.37</b>	<b>1,266.84</b>	<b>1,266.84</b>	<b>-</b>

The total offer expenses are ₹ 96.43 Crores (inclusive of taxes) which are proportionately allocated between the selling shareholders and the Holding Company as per respective offer size. The Holding Company's share of these expenses is ₹ 33.16 Crores (inclusive of taxes), of which ₹ 28.38 Crores (excluding taxes) has been adjusted against securities premium.

#### 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 Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

#### 45. Corporate Social Responsibility

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Amount required to be spent by the Company during the year	7.76	4.92
(ii) Amount of expenditure incurred	7.92	5.11
(iii) Shortfall at the end of the year 1-2	-	-
(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.	-	-

#### Excess amount spent on CSR

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	-	-
Amount required to be spent during the year	7.76	4.92
Amount spent during the year	7.92	5.11
<b>Closing balance</b>	<b>0.16</b>	<b>-</b>

The Group has expenditure towards Corporate Social Responsibility in excess of the prescribed limits for the year ended March 31, 2023 and the same is carried forward to the next year for utilisation as per applicable provisions of Companies Act, 2013.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 46. Other Statutory Information

- (i) The Group does not have any Benami property. No proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group has not advanced to or loaned to or invested funds (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 that such the Intermediary shall:
- “(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries”
- (iii) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- “(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,”
- (iv) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961
- (v) The Group has not been declared as a wilful defaulter as prescribed by Reserve Bank of India.

### 47. Relationship with Struck off Companies

During the year, the Holding company had transactions with a company which was struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Name of struck off Company - a customer of the Company	Nature of transactions with struck-off company	Balance outstanding ₹ Crores	Relationship with the Struck off company, If any, to be disclosed
Nathanz Chemicals Private Limited	Sale of Products	0.003 (owed by the Holding Company to the customer)	Not Related in any way to the Holding Company

### 48. Segment Reporting

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

- Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.
- Income which relates to the Group as a whole and not allocable to segments is included in unallocable income.
- Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before tax of the Group.
- Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

The Board of Directors of the Group who have been identified as the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicators of the Group into manufacture and sale of speciality chemicals and commodity chemicals as per the requirement of Ind-AS 108 "Operating Segments". The Group's operations and non-current assets are predominantly in India and accordingly, there are no separate reportable geographic segment.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Description	Specialities		Commodity		Inter segment elimination		Unallocated		Total	
	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22
<b>Revenue (Net of Goods and Services Tax)</b>										
External revenue	1,941.06	2,009.21	3,000.02	3,882.78	-	-	-	-	4,941.08	5,891.99
Inter segment revenue	255.61	2.94	0.18	-	(255.79)	(2.94)	-	-	-	-
<b>Segment revenue</b>	<b>2,196.67</b>	<b>2,012.15</b>	<b>3,000.20</b>	<b>3,882.78</b>	<b>(255.79)</b>	<b>(2.94)</b>	-	-	<b>4,941.08</b>	<b>5,891.99</b>
Other income	25.75	32.66	54.14	24.82	-	-	-	-	79.89	57.48
<b>Segment results</b>	<b>2,222.42</b>	<b>2,044.80</b>	<b>3,054.34</b>	<b>3,907.61</b>	<b>(255.79)</b>	<b>(2.94)</b>	-	-	<b>5,020.97</b>	<b>5,949.47</b>
Segment result (Profit before interest, exceptional item and tax)	239.13	569.38	166.86	547.78	0.04	(0.01)	-	-	406.03	1,117.15
Less: Finance Cost	22.65	135.75	131.37	185.85	-	-	-	-	154.02	321.60
Exceptional Items	49.80	-	30.70	-	-	-	-	-	80.50	-
<b>Profit before tax</b>	<b>166.69</b>	<b>433.63</b>	<b>4.78</b>	<b>361.93</b>	<b>0.04</b>	<b>(0.01)</b>	-	-	<b>171.51</b>	<b>795.55</b>
Provision for tax										
Current	(35.89)	(84.54)	(7.36)	(105.31)	-	-	-	-	(43.25)	(189.85)
Deferred	15.81	27.03	9.21	12.55	-	-	-	-	25.02	39.59
Income Tax relating to earlier years	(1.04)	3.36	0.11	0.01	-	-	-	-	(0.93)	3.37
<b>Profit / (Loss) after tax</b>	<b>145.57</b>	<b>379.48</b>	<b>6.74</b>	<b>269.18</b>	<b>0.04</b>	<b>(0.01)</b>	-	-	<b>152.35</b>	<b>648.65</b>
Other Comprehensive Income										
Items that will not be reclassified to Profit or Loss in subsequent years										
- Remeasurement of Defined Benefit Plans	0.55	(1.39)	0.22	(0.95)	-	-	-	-	0.77	(2.34)
- Deferred tax expense on the above items	(0.19)	0.49	(0.06)	0.24	-	-	-	-	(0.25)	0.72
- Revaluation of property, plant and equipment	-	185.52	-	12.67	-	-	-	-	-	198.19
- Deferred Tax expense relating to revaluation of property, plant and equipment	-	(58.61)	-	(3.15)	-	-	-	-	-	(61.76)
<b>Other Comprehensive Income</b>	<b>0.36</b>	<b>126.00</b>	<b>0.16</b>	<b>8.81</b>	-	-	-	-	<b>0.52</b>	<b>134.81</b>
<b>Total Comprehensive Income</b>	<b>145.93</b>	<b>505.48</b>	<b>6.90</b>	<b>277.99</b>	<b>0.04</b>	<b>(0.01)</b>	-	-	<b>152.87</b>	<b>783.46</b>
<b>Other Information</b>										
Segment assets	3,938.50	3,398.05	2,013.87	2,205.92	(115.60)	(1.91)	-	-	5,836.77	5,602.06
<b>Total assets</b>	<b>3,938.50</b>	<b>3,398.05</b>	<b>2,013.87</b>	<b>2,205.92</b>	<b>(115.60)</b>	<b>(1.91)</b>	-	-	<b>5,836.77</b>	<b>5,602.06</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Description	Specialities		Commodity		Inter segment elimination		Unallocated		Total	
	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22	Apr to Mar 23	Apr to Mar 22
Segment liabilities	1,550.49	1,156.57	2,543.42	2,742.36	(115.60)	(1.91)	-	-	3,978.31	3,897.02
<b>Total liabilities</b>	<b>1,550.49</b>	<b>1,156.57</b>	<b>2,543.42</b>	<b>2,742.36</b>	<b>(115.60)</b>	<b>(1.91)</b>	<b>-</b>	<b>-</b>	<b>3,978.31</b>	<b>3,897.02</b>
Capital expenditure	56.21	56.08	10.72	12.35	-	-	-	-	66.93	68.43
Depreciation and impairment	92.40	90.82	49.60	46.31	-	-	-	-	142.00	137.13

### 49. Employee benefit cost

#### Defined benefit plans

##### Gratuity:

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2023 by a private actuary.

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate(s)	7.23%	7.36%
Return on plan assets	7.23%	7.36%
Expected rate(s) of salary increase	7.30%	7.30%
Attrition rate	2.00%	2.00%

Cost of defined benefit plans are as follows.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	2.20	1.67
Interest on obligation	1.66	1.24
Return on plan assets (to the extent it represents an adjustment to interest cost)	(1.52)	(1.24)
<b>Net cost recognised in the Statement of profit and loss</b>	<b>2.34</b>	<b>1.67</b>
Return on plan assets (to the extent it does not represent an adjustment to interest cost)	-	-
Actuarial (gains)/losses recognised in the year	(0.76)	2.34
<b>Net (gain) / loss recognised in the Other Comprehensive Income</b>	<b>(0.76)</b>	<b>2.34</b>

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

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	25.97	23.31
Fair value of plan assets	24.63	19.35
Net Liability / (Asset)	1.34	3.96



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening fair value of plan assets	19.35	16.52
Return on plan assets	1.52	1.24
Actuarial gains / (losses)	1.12	(0.94)
Contributions from the employer	4.19	-
Transfer of obligations	0.56	4.04
Benefits paid	(2.12)	(1.51)
<b>Closing fair value of plan assets</b>	<b>24.62</b>	<b>19.35</b>

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening defined benefit obligation	23.31	16.49
Current service cost	2.20	1.66
Interest cost	1.66	1.24
Actuarial (gains)/losses	0.36	1.39
Transfer of obligations	0.56	4.04
Benefits paid	(2.12)	(1.51)
Closing defined benefit obligation	<b>25.97</b>	<b>23.31</b>
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	0.27	(0.16)
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	0.09	1.56
Projected Undiscounted Expected Benefit Outgo		
Year 1	1.18	1.28
Year 2	5.41	4.28
Year 3	2.52	2.57
Year 4	1.87	1.84
Year 5	2.68	2.60
Years 6 through 10	11.14	10.15

### 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 into account inflation, likely increments, promotions and other relevant factors.

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

The Group expects to make a contribution of ₹ 2.34 Crores 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:

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	0.04	0.27	(1.97)
Decrease in discount rate by 1 %	0.65	0.07	2.28
Increase in salary escalation by 1 %	0.65	0.35	2.29
Decrease in salary escalation by 1 %	0.04	0.03	(2.00)

### 50.

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended March 31, 2023 and March 31, 2023.

Name of entity	For the year ended March 31, 2023							
	Net Assets		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Consolidated Profit and Loss	Amount	as % of Consolidated Other Comprehensive Income	Amount	as % of Consolidated Total Comprehensive Income	Amount
<b>Parent</b>								
Chemplast Sanmar Limited	212.35%	3946.38	95.58%	145.61	69.23%	0.36	95.49%	145.97
<b>Subsidiary</b>								
Chemplast Cuddalore Vinyl Limited	(112.35%)	(2087.92)	4.42%	6.74	30.77%	0.16	4.51%	6.90
<b>Total</b>	<b>100.00%</b>	<b>1858.46</b>	<b>100.00%</b>	<b>152.35</b>	<b>100.00%</b>	<b>0.52</b>	<b>100.00%</b>	<b>152.87</b>

Name of entity	For the year ended March 31, 2022							
	Net Assets		Share in Profit or loss		Share in other comprehensive income		Share in total comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Consolidated Profit and Loss	Amount	as % of Consolidated Other Comprehensive Income	Amount	as % of Consolidated Total Comprehensive Income	Amount
<b>Parent</b>								
Chemplast Sanmar Limited	222.86%	3799.86	58.50%	379.47	93.47%	126.00	64.52%	505.47
<b>Subsidiary</b>								
Chemplast Cuddalore Vinyl Limited	(122.86%)	(2094.82)	41.50%	269.18	6.54%	8.81	35.48%	277.99
<b>Total</b>	<b>100.00%</b>	<b>1705.04</b>	<b>100.00%</b>	<b>648.65</b>	<b>100.00%</b>	<b>134.81</b>	<b>100.00%</b>	<b>783.46</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 51. Capital Work-in-progress ageing schedule

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at 31-March-2023</b>					
Projects in Progress	389.67	11.20	0.95	-	401.82
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>389.67</b>	<b>11.20</b>	<b>0.95</b>	<b>-</b>	<b>401.82</b>
<b>As at 31-March-2022</b>					
Projects in Progress	32.41	1.23	-	0.01	33.65
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>32.41</b>	<b>1.23</b>	<b>-</b>	<b>0.01</b>	<b>33.65</b>

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

### 52. 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	Inter-Company Eliminations	Total
<b>As at 31-March-2023</b>								
(i) Undisputed Trade receivables – considered good	246.35	11.89	-	-	-	-	(115.60)	142.64
(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	-	-	-	-	-	-	-	-
<b>As at 31-March-2022</b>								
(i) Undisputed Trade receivables – considered good	182.71	9.05	-	-	-	-	(1.91)	189.85
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	-

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

### 53. Trade Payables Ageing Schedule

Particulars	Unbilled	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Inter-Company Eliminations	Total
<b>As at 31-March-2023</b>								
(i) MSME	0.02	4.90	0.65	-	-	-	-	5.57
(ii) Others	70.64	1,883.19	17.23	0.18	0.27	0.05	(115.60)	1,855.96
(iii) MSME Disputed dues	-	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-	-
<b>As at 31-March-2022</b>								
(i) MSME	0.38	5.12	0.06	-	-	-	-	5.56
(ii) Others	74.06	1,841.52	8.21	0.76	0.16	-	(1.91)	1,922.80
(iii) MSME Disputed dues	-	-	-	-	-	-	-	-
(iv) Others Disputed dues	-	-	-	-	-	-	-	-

### 54. Significant accounting judgements, estimates and assumptions

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

#### a. Judgements

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

#### b. Estimates and assumptions

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

#### Impairment of non-financial assets

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

#### Taxes

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

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

## 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 49

## 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 Group measures land, buildings, plant and machinery classified as property, plant and equipment and leasehold land classified as right-of-use assets at revalued amounts with 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, hypothetical layout method and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 14.3

## Revenue from contract with customers

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

## Leases - Estimating the incremental borrowing rate

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

## Useful life of PPE

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

## 55. Employees' benefits obligations

### a. Defined contribution plan

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

### b. Defined benefit plan

#### Gratuity

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2023 (All amounts are in Indian Rupees in Crores unless otherwise stated)(Contd.)

**56.**

Previous year's figures have been regrouped wherever necessary.

**57.**

The Financial Statements for the year ended March 31, 2022 have been audited by a firm other than B S R & Co. LLP

As per our report of even date attached

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

Chartered Accountants

**Firm Registration Number : 101248W/W-100022**

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: May 16, 2023

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

**Vijay Sankar**

Chairman

DIN: 00007875

Place : Chennai

**N Muralidharan**

Chief Financial Officer

Place : Chennai

Date: May 16, 2023

**Ramkumar Shankar**

Managing Director

DIN: 00018391

Place : Chennai

**Sanjay Vijay Bhandarkar**

Chairman - Audit Committee

DIN: 01260274

Place: Mumbai

**M Raman**

Company Secretary

Memb No. ACS 06248

Place : Chennai







Disclaimer:

This document contains statements about expected future events and financials of Chemplast Sanmar Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

