



## CHEMPLAST SANMAR LIMITED

Our Company was originally incorporated on March 13, 1985 as Urethanes India Limited ("UIL") under the provisions of Companies Act, 1956, at Chennai, pursuant to a certificate of incorporation dated March 13, 1985 issued by the Registrar of Companies, Tamil Nadu at Chennai ("RoC") and commenced operations pursuant to a certificate for commencement of business dated April 2, 1985, issued by the RoC. Subsequently, Chemicals and Plastics India Limited ("CPIL"), was amalgamated with UIL pursuant to the CPIL Scheme of Amalgamation (as defined hereinafter) effective October 1, 1991. Thereafter, pursuant to the CPIL Scheme of Amalgamation, a resolution of our Board dated March 10, 1992, and a resolution of our Shareholders dated March 31, 1992, our name was changed from "Urethanes India Limited" to "Chemicals and Plastics India Limited" and a fresh certificate of incorporation was issued upon a change of name by the RoC on May 15, 1992. Subsequently, pursuant to a resolution of our Board dated June 27, 1995 and a resolution of our Shareholders dated September 1, 1995, our name was changed from "Chemicals and Plastics India Limited" to "Chemplast Sanmar Limited" and a fresh certificate of incorporation was issued upon a change of name by the RoC on September 28, 1995. For further details in relation to change in name and Registered Office of our Company, see "History and Certain Corporate Matters" on page 162.

**Registered and Corporate Office:** 9, Cathedral Road, Chennai, 600086, Tamil Nadu, India Tel: + (91) 44 28128500

**Contact Person:** M Raman, Company Secretary and Compliance Officer; Tel: + (91) 44 28128722

**E-mail:** grd@sanmargroup.com; **Website:** www.chemplastsanmar.com; **Corporate Identity Number:** U24230TN1985PLC01167

### OUR PROMOTER: SANMAR HOLDINGS LIMITED

**INITIAL PUBLIC OFFERING OF UP TO 71,164,509\* EQUITY SHARES OF FACE VALUE OF ₹ 5 EACH ("EQUITY SHARES") OF CHEMPLAST SANMAR LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 541 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 536 PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 38,500 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO 24,029,574\* EQUITY SHARES AGGREGATING UP TO ₹ 13,000 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 47,134,935 EQUITY SHARES AGGREGATING UP TO ₹ 25,500 MILLION, COMPRISING AN OFFER FOR SALE OF UP TO 45,534,935\* EQUITY SHARES AGGREGATING UP TO ₹ 24,634.40 MILLION BY SANMAR HOLDINGS LIMITED ("SHL" OR THE "PROMOTER SELLING SHAREHOLDER"), AND UP TO 1,600,000\* EQUITY SHARES AGGREGATING UP TO ₹ 865.60 MILLION BY SANMAR ENGINEERING SERVICES LIMITED ("SESL" OR THE "PROMOTER GROUP SELLING SHAREHOLDER", AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER REFERRED TO AS "SELLING SHAREHOLDERS" AND SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDER, THE "OFFER FOR SALE"). THE OFFER WOULD CONSTITUTE 45.01 % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.**

**THE FACE VALUE OF EQUITY SHARES IS ₹ 5 EACH. THE OFFER PRICE IS 108.20 TIMES THE FACE VALUE OF THE EQUITY SHARES.**

#### \*SUBJECT TO FINALIZATION OF BASIS OF ALLOTMENT

This Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer was made through the Book Building Process in terms of Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer was available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company and the Selling Shareholders in consultation with the GCBLRLMs and BRLMs allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, ("Anchor Investor Portion") out of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. Further, 5% of the Net QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. If at least 75% of the Offer could not be Allotted to QIBs, the Bid Amounts received by our Company would be required to be refunded. Further, not more than 15% of the Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer was available for allocation to Retail Individual Bidders ("RIBs") in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) were mandatorily required to utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID in case of RIBs using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount was blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors were not permitted to participate in the Offer through the ASBA Process. For further details, see "Offer Procedure" on page 483.

#### RISKS IN RELATION TO THE FIRST OFFER

Our Company was listed on BSE, NSE and MSE, and was subsequently delisted with effect from June 25, 2012, June 18, 2012 and June 25, 2012, respectively ("Delisting"). After such Delisting, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 5 each. The Offer Price (determined by our Company and the Selling Shareholders in consultation with the GCBLRLMs and BRLMs and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "Basis for Offer Price" on page 96), should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, or regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 32.

#### OUR COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders accepts responsibility for, and confirms, that the statements made or confirmed by it in this Prospectus to the extent that the statements and information specifically pertain to it and the Equity Shares offered by it under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect.

#### LISTING

The Equity Shares, once offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated May 27, 2021 and June 11, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange is NSE. A signed copy of the Red Herring Prospectus has been and a signed copy of this Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 507.

#### GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS

<b>ICICI Securities Limited</b> ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra Tel.: +(91) 22 2288 2460 <b>E-mail:</b> chemplast.sanmar@icicisecurities.com <b>Investor grievance e-mail:</b> customercare@icicisecurities.com <b>Website:</b> www.icicisecurities.com <b>Contact Person:</b> Shekhar Asnani/ Kristina Dias <b>SEBI Registration No.:</b> INM000011179	<b>Axis Capital Limited</b> 1 <sup>st</sup> Floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg Mumbai 400 025 Tel.: +(91) 22 4325 2183 <b>E-mail:</b> chemplast.ipo@axiscap.in <b>Investor grievance e-mail:</b> complaints@axiscap.in <b>Website:</b> www.axiscapital.co.in <b>Contact Person:</b> Sagar Jatakiya <b>SEBI Registration No.:</b> INM000012029	<b>Credit Suisse Securities (India) Private Limited</b> 9 <sup>th</sup> Floor, Ceejay House Dr. Annie Besant Road, Worli Mumbai 400 018. Tel.: + 91 22 6777 3885 <b>E-mail:</b> list.chemplastsanmaripo@credit-suisse.com <b>Investor grievance e-mail:</b> list.icgcellmer-bnkg@credit-suisse.com <b>Website:</b> https://www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo.html <b>Contact Person:</b> Abhishek Joshi <b>SEBI Registration No.:</b> INM000011161	<b>IIFL Securities Limited</b> 10 <sup>th</sup> Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Tel.: +(91) 22 4646 4600 <b>E-mail:</b> cs.ipo@iiflcap.com <b>Investor grievance e-mail:</b> ig.ib@iiflcap.com <b>Website:</b> www.iiflcap.com <b>Contact Person:</b> Vishal Bangard / Aditya Agarwal <b>SEBI Registration No.:</b> INM000010940

#### GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS

#### BOOK RUNNING LEAD MANAGERS

#### REGISTRAR TO THE OFFER

<b>Ambit Private Limited</b> Ambit House, 449, Senapati Bapat Marg Lower Parel, Mumbai 400 013 Maharashtra, India Tel: + 91 22 6623 3000 <b>E-mail:</b> cs.ipo@ambit.co <b>Investor grievance e-mail:</b> customerservicemb@ambit.co <b>Website:</b> www.ambit.co <b>Contact Person:</b> Nikhil Bhiwapurkar/ Miraj Sampat <b>SEBI Registration No.:</b> INM000010585	<b>BOB Capital Markets Limited</b> Parinee Crescenzo, 1704, B Wing, 17th Floor Plot no. C-38/39, G Block BKC Bandra East, Mumbai 400 051 Maharashtra, India Tel.: +(91) 22 6138 9300 <b>E-mail:</b> cs.ipo@bobcaps.in <b>Investor grievance e-mail:</b> investorgrievance@bobcaps.in <b>Website:</b> www.bobcaps.in <b>Contact person:</b> Ninad Jape/Arpita Maheshwari <b>SEBI Registration No.:</b> INM000009926	<b>HDFC Bank Limited</b> Investment Banking Group Unit No. 401 & 402, 4th Floor Tower B, Peninsula Business Park, Lower Parel Mumbai 400 013 Maharashtra, India Tel: +(91) 22 3395 8233 <b>E-mail:</b> sanmar.ipo@hdfcbank.com <b>Investor grievance e-mail:</b> investor.redressal@hdfcbank.com <b>Website:</b> www.hdfcbank.com <b>Contact Person:</b> Harsh Thakkar / Ravi Sharma <b>SEBI Registration No.:</b> INM000011252	<b>IndusInd Bank Limited</b> 11 <sup>th</sup> Floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg Elphinstone Road, Mumbai 400 013, Maharashtra, India Tel.: +(91) 22 7143 2206 <b>E-mail:</b> cs.ipo@indusind.com <b>Investor grievance e-mail:</b> investmentbanking@indusind.com <b>Website:</b> www.indusind.com <b>Contact person:</b> Priyanka Shetty <b>SEBI Registration No.:</b> INM000005031	<b>YES Securities (India) Limited</b> 2nd Floor, YES Bank House, Off Western Express Highway, Santacruz East, Mumbai 400055, Maharashtra, India Tel: +(91) 22 6507 8131 <b>E-mail:</b> chemplast.ipo@ysil.in <b>Investor grievance e-mail :</b> igc@ysil.in <b>Website:</b> www.yesinvest.in <b>Contact Person:</b> Sachin Kapoor/ Nidhi Gupta <b>SEBI Registration Number:</b> INM000012227	<b>Kfintech Technologies Private Limited</b> Selenium, Tower B, Plot No- 31 and 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India Tel: +(91) 40 6716 2222 <b>E-mail:</b> chemplast.ipo@kfintech.com <b>Investor grievance e-mail:</b> einward.ris@kfintech.com <b>Website:</b> www.kfintech.com <b>Contact Person:</b> M Murali Krishna <b>SEBI Registration No.:</b> INR000000221

#### BID/OFFER PROGRAMME

<b>BID/OFFER OPENED ON</b>	Tuesday, August 10, 2021
<b>BID/OFFER CLOSED ON</b>	Thursday, August 12, 2021

\* The Anchor Investor Bid/Offer Period was one Working Day prior to the Bid/Offer Opening Date i.e. August 9, 2021.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below.*

*References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms in “Industry Overview”, Key Regulations and Policies”, “Statement of Special Tax Benefits”, “Restated Consolidated Summary Statements”, “Basis for the Offer Price”, “Outstanding Litigation and Other Material Developments” and “Main Provisions of Articles of Association”, on pages 105, 157, 99, 199, 96, 440 and 502, respectively, will have the meaning ascribed to such terms in those respective sections.*

#### Company and Selling Shareholders related terms

Term	Description
“our Company”, “the Company” or “the Issuer”	Chemplast Sanmar Limited, a company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at 9, Cathedral Road, Chennai, 600086, Tamil Nadu, India
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiary. However, for the purpose of the Restated Consolidated Summary Statements and financial information, it includes the Subsidiary, Joint Venture and Associate.
“Articles” or “Articles of Association” or “AoA”	The articles of association of our Company, as amended
“Associate”	The erstwhile associate of our Company, being Sanmar Group International Limited, which ceased to be an associate with effect from March 30, 2021
“Audit Committee”	The audit committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations and as described in “ <i>Our Management</i> ” on page 172
“Board” or “Board of Directors”	The board of directors of our Company
“Berigai Facility”	The facility involved in the custom manufacturing of starting materials and intermediates located at Berigai, Tamil Nadu
“CCVL” or “Subsidiary”	Chemplast Cuddalore Vinyls Limited, Subsidiary of our Company with effect from March 31, 2021. For further details, see “ <i>History and Certain Corporate Matters – Acquisition of CCVL</i> ” and see “ <i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i> ” on pages 162 and 19
“CCVL Standalone Financial Statements”	The audited standalone financial statements of CCVL comprising the balance sheet, the statement of profit and loss, including the statement of other comprehensive income, the cash flow statement and the statement of changes in equity, and notes to the financial statements including a summary of significant accounting policies and other explanatory information as at and for the years ended March 31, 2021, 2020 and 2019, prepared by CCVL in accordance with Indian Accounting Standards, specified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India
“Chairman”	The chairman of our Board, being Vijay Sankar
“Independent Chartered Engineers”	V. Krishnan and R. Narasimhan, Chartered Engineers
“Chief Financial	The chief financial officer of our Company, being M Chandrasekar

<b>Term</b>	<b>Description</b>
“Officer”	
“Company Secretary and Compliance Officer”	Company secretary and compliance officer of our Company, being M Raman
“Composite Scheme of Arrangement”	Composite Scheme of Arrangement amongst our Company, Sanmar Speciality Chemicals Limited, CCVL, SESL, SHL Securities (Alpha) Limited, and their respective shareholders and creditors, sanctioned by the NCLT, Chennai, by way of its order dated April 26, 2019
“Corporate Social Responsibility Committee”	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, 2013 as described in “ <i>Our Management</i> ” on page 172
“CPIL”	The <i>erstwhile</i> Chemicals and Plastics India Limited
“CPIL Scheme of Amalgamation”	Scheme of Amalgamation of CPIL with our Company ( <i>then known as Urethanes India Limited</i> ), sanctioned by the High Court of Madras, by way of its order dated April 10, 1992.
“CRISIL”	CRISIL Limited
“CRISIL Report”	Report titled “Market assessment of PVC, caustic soda, chloromethanes, hydrogen peroxide and custom manufacturing” dated March, 2021 prepared by CRISIL, who was appointed on January 23, 2021, commissioned and paid for by our Company in connection with the Offer.
“Cuddalore Facility”	The facility consists of a suspension PVC resin plant, located at Cuddalore, Tamil Nadu
“Director(s)”	Director(s) on the Board of our Company, as appointed from time to time
“Equity Shares”	Equity shares of our Company of face value of ₹5 each
“Executive Director”	Executive director(s) of our Company. For further details of the Executive Director, see “ <i>Our Management</i> ” on page 172
“Group Companies”	Our group companies as disclosed in section “ <i>Group Companies</i> ” of page 191
“IPO Committee”	The IPO committee of our Board constituted as described in “ <i>Our Management</i> ” on page 172
“Independent Chartered Accountant”	S K Patodia & Associates, Chartered Accountants
“Independent Director”	A non-executive, independent Director appointed as per the Companies Act, 2013 and the Listing Regulations. For further details of our Independent Directors, see “ <i>Our Management</i> ” on page 172
“Joint Venture”	The <i>erstwhile</i> joint venture of our Company, being Mowbrays Corporate Finance, which ceased to be a joint venture with effect from December 15, 2020
“KMP” or “Key Managerial Personnel”	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, which includes key managerial personnel in terms of the Companies Act, 2013, as disclosed in “ <i>Our Management</i> ” on page 172
“Karaikal Facility”	The facility consists of a caustic soda plant and an EDC plant, located at Karaikal, Puducherry
“Managing Director”	The managing director of our Company, being Ramkumar Shankar
“Materiality Policy”	The materiality policy of our Company adopted pursuant to a resolution of our Board dated April 15, 2021, and as amended by resolution of our Board dated July 16, 2021 for identification of the material (a) outstanding litigation proceedings; (b) group companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Prospectus
“Memorandum” or “Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended
“Mettur Facility”	Collectively, Mettur Facility I, Mettur Facility II, Mettur Facility III and Mettur Facility IV, and a power plant
“Mettur Facility I”	Our refrigerant gas plant, located at Mettur, Tamil Nadu
“Mettur Facility II”	Our specialty paste PVC resin plant, located at Mettur, Tamil Nadu
“Mettur Facility III”	Our caustic soda plant and chloromethanes plant, located at Mettur, Tamil Nadu
“Mettur Facility IV”	Our hydrogen peroxide plant, located at Mettur, Tamil Nadu
“MoS”	Ministry of Ports, Shipping and Waterways
“MSE”	Madras Stock Exchange

<b>Term</b>	<b>Description</b>
“NCDs”	Non-convertible debentures issued by our Company, from time to time
“Nomination and Remuneration Committee”	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, and as described in “ <i>Our Management</i> ” on page 172
“Non – executive Director(s)”	A Director, not being an Executive Director
“Preference Shares”	Preference shares of our Company of face value of ₹ 100 each
“Promoter” or “SHL”	Promoter of our Company namely, Sanmar Holdings Limited. For further details, see “ <i>Our Promoter and Promoter Group</i> ” on page 188
“Promoter Group”	Such individuals and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see “ <i>Our Promoter and Promoter Group</i> ” on page 188
“Registered and Corporate Office”	The registered and corporate office of our Company situated at 9, Cathedral Road, Chennai, 600086, Tamil Nadu, India
“Registrar of Companies” or “RoC”	Registrar of Companies, Tamil Nadu at Chennai
“Registrar to the Company”	Integrated Enterprises (India) Limited
“Restated Consolidated Summary Statements”	Restated Consolidated Summary Statements of our Company, its subsidiary, joint venture and its associate comprising Restated Consolidated Summary statement of Assets and Liabilities as at March 31, 2021, 2020 and 2019 and, the restated consolidated summary statement of profit and loss (including other comprehensive income), and restated consolidated summary cash flows and restated consolidated summary statement of changes in equity for the years ended March 31, 2021, 2020 and 2019, the consolidated summary statement of significant accounting policies, and other explanatory information of our Company, Subsidiary, Associate and Joint Venture, prepared by the Company in accordance with the requirements of Section 26 of Part I of Chapter III of The Companies Act, 2013, relevant provisions of SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India.
“Promoter Selling Shareholder”	Sanmar Holdings Limited
“SHL Chemicals Group”	Sanmar Engineering Services Limited, Sanmar Holdings Limited, our Company, CCVL, Sanmar Group International Limited, Sanmar Overseas Investments AG, and TCI Sanmar Chemicals S.A.E.
“Selling Shareholders”	Collectively, SHL and SESL
“SESL” or “Promoter Group Selling Shareholder”	Sanmar Engineering Services Limited
“SHA”	Amended and restated shareholders agreement dated April 23, 2019 entered into between Sanmar Engineering Services Limited, Greenvalley Investments (Alpha) Limited, SHL Research Foundation, NS Family Consolidations Private Limited, NS Family Investments Private Limited, N Sankar and his heirs, and FIH Mauritius Investments Ltd
“Shareholder(s)”	The equity shareholders of our Company whose names are entered into (i) the register of members of our Company; or (ii) the records of a depository as a beneficial owner of Equity Shares
“SPIL”	Sanmar Properties and Investments Limited
“SPIL Scheme of Amalgamation”	Scheme of arrangement between SPIL, SHL and their respective members, and the scheme of amalgamation of SPIL with our Company sanctioned by the High Court of Madras, by way of its order dated March 3, 2004
“Stakeholders’ Relationship Committee”	The stakeholders’ relationship committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, as described in “ <i>Our Management</i> ” on page 172
“Statutory Auditor”	The statutory auditor of our Company, being S.R. Batliboi & Associates, LLP, Chartered Accountants
“TCI Sanmar”	TCI Sanmar Chemicals S.A.E
“Vedaranyam Salt Field”	Our salt field located at Vedaranyam, Tamil Nadu.

<b>Term</b>	<b>Description</b>
Waiver Letters	Collectively, the letter dated April 30, 2021 from Greenvalley Investments (Alpha) Limited, letter dated April 28, 2021 from FIH Mauritius Investments Ltd, letter dated April 30, 2021 from Sanmar Engineering Services Limited, letter dated April 30, 2021 from SHL Research Foundation, letter dated April 30, 2021 from NS Family Consolidations Private Limited, letter dated April 30, 2021 from NS Family Investments Private Limited and letter dated April 30, 2021 from N Sankar

### Offer Related Terms

<b>Term</b>	<b>Description</b>
“Acknowledgement Slip”	The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
“Allotment”, “Allot” or “Allotted”	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
“Allotment Advice”	A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
“Allottee”	A successful Bidder to whom the Equity Shares are Allotted
“Anchor Investor”	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100 million
“Anchor Investor Allocation Price”	₹ 541 being the price at which the Equity Shares were allocated to Anchor Investors during the Anchor Investor Bid/Offer Period in terms of the Red Herring Prospectus and this Prospectus which was decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs
“Anchor Investor Application Form”	Form used by an Anchor Investor to Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of Red Herring Prospectus and this Prospectus
“Anchor Investor Bidding Date”	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors were submitted, prior to and after which the GCBRLMs and BRLMs did not accept any Bids from Anchor Investor, and allocation to Anchor Investors were completed
“Anchor Investor Offer Price”	The final price at which the Equity Shares were issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, which price was equal to or higher than the Offer Price but not higher than the Cap Price.  The Anchor Investor Offer Price was decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs
“Anchor Investor Pay – in Date”	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date
“Anchor Investor Portion”	60% of the QIB Portion, which was allocated by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations  <i>*Subject to finalization of Basis of Allotment</i>
“Applications Supported by Blocked Amount” or “ASBA”	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in ASBA Account and which includes applications made by RIBs using the UPI Mechanism where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
“ASBA Account”	A bank account maintained with an SCSB by an ASBA Bidder which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism, to the extent of the Bid Amount of the ASBA Bidder

<b>Term</b>	<b>Description</b>
“ASBA Bidder”	All Bidders except Anchor Investors
“ASBA Form”	An application form, whether physical or electronic, used by ASBA Bidders which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
“Ambit”	Ambit Private Limited
“Axis Capital”	Axis Capital Limited
“Banker(s) to the Offer”	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank.
“Basis of Allotment”	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure” on page 483
“Bid”	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of a Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.  The term “Bidding” shall be construed accordingly
“Bidder”	Any investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an Anchor Investor
“Bid Amount”	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid
“Bidding Centres”	Centres at which the Designated Intermediaries accepted the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
“Bid cum Application Form”	Anchor Investor Application Form or the ASBA Form, as the context requires
“Bid Lot”	27 Equity Shares and in multiples of 27 Equity Shares thereafter
“Bid/Offer Closing Date”	Except in relation to any Bids received from the Anchor Investors, August 12, 2021
“Bid/Offer Opening Date”	Except in relation to Bids received from the Anchor Investors, August 10, 2021
“Bid/Offer Period”	Except in relation to Anchor Investors, the period between August 10, 2021 and August 12, 2021 inclusive of both the days
“BOB Capital”	BOB Capital Markets Limited
“Book Building Process”	The book building process as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer was made
“Book Running Lead Managers” or “BRLMs”	The book running lead managers to the Offer, namely IndusInd Bank Limited and YES Securities (India) Limited
“Broker Centre”	Broker centres notified by the Stock Exchanges where ASBA Bidders could have submitted the ASBA Forms to a Registered Broker and details of which are available on the websites of the respective Stock Exchanges.  The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ), and updated from time to time.
“CAN” or “Confirmation Allocation Note”	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date
“Cap Price”	₹ 541 per Equity Share
“Cash Escrow and Sponsor Bank Agreement”	Agreement dated July 31, 2021 entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the GCBRLMs and BRLMs, the Banker(s) to the Offer, <i>inter alia</i> , the appointment of the Sponsor Bank in accordance with the UPI Circular, for the collection of the Bid Amounts from Anchor Investors, transfer of funds

<b>Term</b>	<b>Description</b>
	to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
“Circular on Streamlining of Public Issues”/ “UPI Circular”	Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2021./2480/1/M) dated March 16, 2021, circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard
“Client ID”	Client identification number maintained with one of the Depositories in relation to the demat account
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who was eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of BSE and NSE, as updated from time to time
“Cut-off Price”	The Offer Price, as finalised by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs being ₹ 541 per Equity Share
“CS”	Credit Suisse Securities (India) Private Limited
“Demographic Details”	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details and UPI ID, where applicable
“Designated SCSB Branches”	Such branches of the SCSBs which collected ASBA Forms, a list of which is available on the website of the SEBI at ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> ) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time
“Designated CDP Locations”	Such locations of the CDPs where Bidders submitted the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
“Designated Date”	The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, in terms of the Red Herring Prospectus and this Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors or IPO Committee may Allot Equity Shares to successful Bidders in the Offer
“Designated Intermediaries”	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.  In relation to ASBA Forms submitted by RIBs where the Bid Amount was blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs.  In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
“Designated RTA Locations”	Such locations of the RTAs where Bidders submitted the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
“Designated Stock Exchange”	NSE



<b>Term</b>	<b>Description</b>
“Draft Red Herring Prospectus” or “DRHP”	The draft red herring prospectus dated April 30, 2021, issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto
“Eligible FPIs”	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to purchase the Equity Shares offered thereby
“Eligible NRIs”	NRI(s) eligible to invest under the relevant provisions of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to purchase the Equity Shares
“Escrow Account(s)”	Accounts opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors transferred money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid
“Escrow Collection Bank(s)”	The banks which are clearing members and registered with SEBI as Bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) was opened, in this case being ICICI Bank Ltd
“First Bidder”	The Bidder whose name was mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appeared as the first holder of the beneficiary account held in joint names
“Floor Price”	The lower end of the Price Band, i.e. ₹ being ₹ 530 per Equity Share
“Fresh Issue”	The fresh issue component of the Offer comprising of an issuance of 24,029,574* Equity Shares at ₹ 541 per Equity Share (including a premium of ₹ 536 per Equity Share) aggregating ₹ 13,000 million by our Company <i>*Subject to finalization of Basis of Allotment</i>
“General Information Document” or “GID”	The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document was made available on the websites of the Stock Exchanges and the GCBRLMs and BRLMs
“Global Co-ordinators and Book Running Lead Managers” or “GCBRLMs”	The global co – ordinators and book running lead managers to the Offer, namely ICICI Securities Limited, Axis Capital Limited, Credit Suisse Securities (India) Private Limited, IIFL Securities Limited, Ambit Private Limited, BOB Capital Markets Limited and HDFC Bank Limited
“Gross Proceeds”	The Offer Proceeds, less the amount to be raised with respect to the Offer for Sale
“HDFC Bank”	HDFC Bank Limited
“IIFL”	IIFL Securities Limited
“I-Sec”	ICICI Securities Limited
“IndusInd”	IndusInd Bank Limited
“Monitoring Agency”	ICICI Bank Ltd
“Monitoring Agency Agreement”	Agreement to be entered into between our Company and the Monitoring Agency
“Mutual Fund”	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“Mutual Fund Portion”	5% of the Net QIB Portion, or 1,067,468* Equity Shares, which was made available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price <i>*Subject to finalization of Basis of Allotment</i>
“Net Proceeds”	The Gross Proceeds less our Company’s share of the Offer-related expenses applicable to the Fresh Issue. For further details about use of the Net Proceeds and the Offer related expenses, see “ <i>Objects of the Offer</i> ” on page 89
“Net QIB Portion”	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors
“Non-Institutional Investors” or “NII(s)” or “Non-Institutional Bidders” or “NIB(s)”	All Bidders, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
“Non-Institutional Portion”	The portion of the Offer being not more than 15% of the Offer, consisting of 10,674,676* Equity Shares, which was made available for allocation to

<b>Term</b>	<b>Description</b>
	Non-Institutional Investors on a proportionate basis, subject to valid Bids being received at or above the Offer Price <i>*Subject to finalization of Basis of Allotment</i>
“Non-Resident” or “NR”	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
“Offer”	Initial public offering of 71,164,509* Equity Shares for cash at a price of ₹ 541 per Equity Share (including a share premium of ₹ 536 per Equity Share) aggregating to ₹ 38,500 million consisting of a Fresh Issue of 24,029,574* Equity Shares aggregating to ₹ 13,000 million by our Company and an offer for sale of to 47,134,935 Equity Shares aggregating ₹ 25,500 million, comprising an offer for sale of 45,534,935* Equity Shares aggregating to ₹ 24,634.40 million by the Promoter Selling Shareholder, and 1,600,000* Equity Shares aggregating to ₹ 865.60 million by the Promoter Group Selling Shareholder  <i>*Subject to finalization of Basis of Allotment</i>
“Offer Agreement”	The agreement dated April 30, 2021, as amended on August 2, 2021 amongst our Company, the Selling Shareholders and the GCBRLMs and BRLMs, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer
“Offer for Sale”	The offer for sale of 47,134,935* Equity Shares aggregating to ₹ 25,500 million, comprising an offer for sale of 45,534,935 Equity Shares aggregating to ₹ 24,634.40 million by the Promoter Selling Shareholder, and 1,600,000* Equity Shares aggregating to ₹ 865.60 million by the Promoter Group Selling Shareholder  <i>*Subject to finalization of Basis of Allotment</i>
“Offer Price”	₹ 541 per Equity Shares, the final price at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price was decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus.
“Offer Proceeds”	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see “ <i>Objects of the Offer</i> ” on page 89
“Offered Shares”	The Equity Shares offered by (i) the Promoter Selling Shareholder as part of the Offer for Sale comprising of an aggregate of 45,534,935* Equity Shares, and (ii) the Promoter Group Selling Shareholder as part of the Offer for Sale comprising of an aggregate of 1,600,000* Equity Shares.  <i>*Subject to finalization of Basis of Allotment</i>
“Price Band”	Price band of a minimum price of ₹ 530 per Equity Share (Floor Price) and the maximum Price of ₹ 541 per Equity Share (Cap Price) The Price Band and the minimum Bid Lot for the Offer were decided by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs, and were advertised in all editions of an English national daily newspaper Financial Express, all editions of a Hindi national daily newspaper Jansatta and Chennai editions of a Tamil newspaper Makkal Kural (each of which are widely circulated English, Hindi and Tamil newspapers, respectively, Tamil being the regional language of Tamil Nadu, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and were made available to the Stock Exchange for the purpose of uploading on their respective websites
“Pricing Date”	The date on which our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs, finalised the Offer Price, being August 12, 2021
“Prospectus”	This prospectus dated August 13, 2021 to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda hereto
“Public Offer Account	The banks which are clearing members and registered with SEBI under the BTI

<b>Term</b>	<b>Description</b>
Bank(s)”	Regulations, with whom the Public Offer Account(s) was opened, in this case being ICICI Bank Ltd
“Public Offer Account(s)”	Bank account which was opened in accordance with the provisions of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on the Designated Date
“QIB Portion”	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer, consisting of 53,373,383* Equity Shares which were allocated to QIBs, including the Anchor Investors (which allocation was made on a discretionary basis, as determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs up to a limit of 60% of the QIB Portion), subject to valid Bids having been received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors) <i>*Subject to finalization of Basis of Allotment</i>
“Qualified Institutional Buyers” or “QIBs”	A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
“Red Herring Prospectus” or “RHP”	The red herring prospectus dated August 2, 2021 issued in accordance with section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares was offered and the size of the Offer. The red herring prospectus was filed with the RoC at least three working days before the Bid/ Offer Opening Date
“Refund Account(s)”	The ‘no-lien’ and ‘non-interest bearing’ account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made
“Refund Bank(s)”	The Banker(s) to the Offer with whom the Refund Account(s) was opened, in this case being ICICI Bank Limited
“Registered Broker”	Stock brokers registered with the stock exchanges having nationwide terminals other than the members of the Syndicate, and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
“Registrar Agreement”	The agreement dated April 30, 2021 entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available in the website of BSE and NSE, and the UPI Circulars
“Registrar” or “Registrar to the Offer”	Kfin Technologies Private Limited
“Resident Indian”	A person resident in India, as defined under FEMA
“Retail Individual Bidders” or “RIB(s)” or “Retail Individual Investors” or “RII(s)”	Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) who had Bid for the Equity Shares for an amount not more than ₹200,000 in any of the Bidding options in the Offer
“Retail Portion”	The portion of the Offer being not more than 10% of the Offer consisting of 7,116,450* Equity Shares which was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price <i>*Subject to finalization of Basis of Allotment</i>
“Revision Form”	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable  QIB Bidders and Non-Institutional Bidders were not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders Bidding in the Retail Portion could revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
“Self Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> and <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable or such other website as may be prescribed by SEBI from time to

<b>Term</b>	<b>Description</b>
	<p>time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a>, or such other website as may be prescribed by SEBI from time to time</p> <p>Applications through UPI in the Offer were made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.</p> <p>The said list is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a>, as updated from time to time</p>
“Specified Locations”	The Bidding centres where the Syndicate shall accepted Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ), and updated from time to time
“Share Escrow Agent”	Escrow agent appointed pursuant to the Share Escrow Agreement, namely ICICI Bank Ltd
“Share Escrow Agreement”	Agreement dated July 28, 2021, as amended on August 2, 2021 entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent for deposit of the Equity Shares offered by the Selling Shareholders in escrow.
“Sponsor Bank”	The Banker to the Offer registered with SEBI which was appointed by the Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the RIBs into the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, the Sponsor Bank in this case being ICICI Bank Ltd
“Stock Exchange(s)”	Collectively, BSE Limited and National Stock Exchange of India Limited
“Syndicate Agreement”	Agreement dated July 31, 2021 entered into among the Company, the Selling Shareholders, the GCBRLMs and BRLMs, and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.
“Syndicate Members”	Intermediaries (other than GCBRLMs and BRLMs) registered with SEBI who are permitted to accept bids, application and place orders with respect to the Offer and carry out activities as an underwriter namely, Ambit Capital Private Limited and HDFC Securities Limited
“Syndicate” or “members of the Syndicate”	Together, the GCBRLMs and BRLMs and the Syndicate Members
“Systemically Important Non-Banking Financial Company” or “NBFC-SI”	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
“Underwriters”	The Global Co-ordinators and Book Running Lead Managers, Book Running Lead Managers and the Syndicate Members
“Underwriting Agreement”	The agreement dated August 13, 2021 entered into amongst the Underwriters, the Selling Shareholders and our Company
“UPI”	Unified Payments Interface, which is an instant payment mechanism developed by NPCI
“UPI ID”	ID created on UPI for single-window mobile payment system developed by the NPCI
“UPI Mandate Request”	<p>A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment</p> <p>In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and</p>

Term	Description
	mobile applications whose names appears on the website of the SEBI ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> ) and ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a> ) respectively, as updated from time to time
“UPI Mechanism”	The mechanism that may be used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars
“UPI PIN”	Password to authenticate UPI transaction
“Wilful Defaulter”	A wilful defaulter, as defined under the SEBI ICDR Regulations
“Working Day”	All days, on which commercial banks in Chennai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, Working Day shall mean all days except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circular issued by SEBI.
“YES Securities”	YES Securities (India) Limited

### Technical/Industry Related Terms/Abbreviations

Term	Description
“Air Act”	Air (Prevention and Control of Pollution) Act, 1981
“CAGR”	Compounded Annual Growth Rate (as a %): $(\text{End Year Value} / \text{Base Year Value})^{1/\text{No. of years between Base year and End year}} - 1$ [^ denotes ‘raised to’]
“Drugs and Cosmetics Act”	The Drugs and Cosmetics Act, 1940
“EBITDA”	EBITDA is calculated as profit for the year plus total tax expenses, depreciation expenses, finance costs and exceptional items. EBITDA is a Non-GAAP Measure  For further details, see “ <i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i> ” on page 19  For a reconciliation of EBITDA, see “ <i>Other Financial Information</i> ” on page 393
“EBITDA Margin”	EBITDA Margin is the percentage of EBITDA divided by total income. EBITDA Margin is a Non-GAAP Measure.  For further details, see “ <i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i> ” on page 19  For a reconciliation of EBITDA Margin, see “ <i>Other Financial Information</i> ” on page 393
“Environment Act”	Environment (Protection) Act, 1986
“FSSAI”	Food Safety and Standards Authority of India
“Hazardous Wastes Rules”	Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
“Legal Metrology Department”	A department established under the Legal Metrology Act, 2009
“MCLR”	Marginal cost of funds based lending rate
“MoEF”	Ministry of Environment, Forest and Climate Change
“Monetary Asset”	Monetary assets mean cash and cash equivalents and other bank balances (including non-current bank deposits and non-current margin deposits). Monetary assets are a Non-GAAP Measure.  For further details, see “ <i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i> ” on page 19  For a reconciliation of Monetary assets, see “ <i>Other Financial Information</i> ” on page 393
“Net Worth”	Net Worth means the aggregate value of the paid-up share capital and all reserves

Term	Description
	<p>created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Net Worth is a Non-GAAP Measure.</p> <p>For further details, see “<i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i>” on page 19</p> <p>For a reconciliation of Net Worth, see “<i>Other Financial Information</i>” on page 393</p>
“Net Asset Value”	<p>Net Asset Value is the restated consolidated Net Worth of the Company. Net Asset Value is a Non-GAAP Measure.</p> <p>For further details, see “<i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i>” on page 19</p> <p>For a reconciliation of Net Asset Value, see “<i>Other Financial Information</i>” on page 393</p>
“NAV / Net Asset Value per Equity Share”	<p>Net asset value per equity share is calculated by dividing Net Worth by the number of equity shares outstanding at the end of the year. Net Asset Value per share is a Non-GAAP Measure.</p> <p>For further details, see “<i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i>” on page 19</p> <p>For a reconciliation of Net Asset Value per equity share, see “<i>Other Financial Information</i>” on page 393</p>
“Net Tangible Assets”	<p>Net Tangible assets means the sum of all the assets of the Company excluding Goodwill, Intangible assets and right of use assets reduced by total liabilities excluding deferred tax liabilities (net) of the Company. Net Tangible assets is a Non-GAAP Measure.</p> <p>For further details, see “<i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i>” on page 19</p> <p>For a reconciliation of Net Tangible assets, see “<i>Other Financial Information</i>” on page 393</p>
“Operating Profit”	<p>Calculated as restated profit before tax excluding profit/loss from Joint Venture and Associate, Profit/loss on sale/redemption of investments in Joint Venture, other income and finance costs. Operating profit is a Non-GAAP Measure.</p> <p>For further details, see “<i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i>” on page 19</p> <p>For a reconciliation of Operating profit, see “<i>Other Financial Information</i>” on page 393</p>
“PCB”	Pollution control board
“PESO”	Petroleum and Explosives Safety Organisation
“Return on Net Worth”	<p>Calculated as Restated profit after tax for the year of the Company divided by Restated Net Worth of the Company at the end of the year. Return on Net Worth is a Non-GAAP Measure.</p> <p>For further details, see “<i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i>” on page 19</p> <p>For a reconciliation of Return on Net Worth, see “<i>Other Financial Information</i>” on page 393</p>
“SIA”	Secretariat for Industrial Assistance, Ministry of Commerce and Industry, Government of India
“State PCB”	State Pollution Control Board
“Total Borrowings”	Calculated as sum of Non-Current Borrowings (including current maturities) and

Term	Description
	Current Borrowings. Total Borrowings is a Non-GAAP Measure.  For further details, see “ <i>Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation</i> ” on page 19  For a reconciliation of Total Borrowings, see “ <i>Other Financial Information</i> ” on page 393
“TPA”	Tonnes per annum
“TPD”	Tonnes per day
“Water Act”	Water (Prevention and Control of Pollution) Act, 1974

### Conventional and General Terms or Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees
“AIFs”	Alternative investment funds as defined in and registered under the AIF Regulations
“AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“AS”	Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“CAGR”	Compounded Annual Growth Rate
“Calendar Year” or “year”	Unless the context otherwise requires, shall refer to the twelve month period ending December 31
“Category I AIF”	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
“Category II AIF”	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
“Category I FPIs”	FPIs who are registered as “Category I Foreign Portfolio Investors” under the SEBI FPI Regulations
“Category II FPIs”	FPIs who are registered as “Category II Foreign Portfolio Investors” under the SEBI FPI Regulations
“Category III AIF”	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“CFO”	Chief Financial Officer
“Companies Act, 1956”	<i>Erstwhile</i> Companies Act, 1956 along with the relevant rules made thereunder
“Companies Act” / “Companies Act, 2013”	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force
“Cr.P.C.”	Code of Criminal Procedure, 1973
“CSR”	Corporate social responsibility
“Depositories Act”	Depositories Act, 1996
“Depository” or “Depositories”	NSDL and CDSL
“DIN”	Director Identification Number
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
“DP ID”	Depository Participant’s Identification Number
“EPS”	Earnings per share
“FDI”	Foreign direct investment
“FDI Policy”	The consolidated FDI policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry,

<b>Term</b>	<b>Description</b>
	Government of India ( <i>earlier known as the Department of Industrial Policy and Promotion</i> )
“FEMA”	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
“FEMA Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
“FEMA Regulations”	Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017
“Financial Year”, “Fiscal”, “FY” or “F.Y.”	Period of twelve months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless stated otherwise
“FIR”	First information report
“FPI(s)”	Foreign Portfolio Investor, as defined under the FPI Regulations
“FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
“FIPB”	The erstwhile Foreign Investment Promotion Board
“FVCI”	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations
“Fugitive Economic Offender”	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018
“FVCI Regulations”	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
“GDP”	Gross domestic product
“GIR Number”	General index registration number
“GoI” or “Government” or “Central Government”	Government of India
“GST”	Goods and services tax
“HUF”	Hindu undivided family
“IAS Rules”	Companies (Indian Accounting Standards) Rules, 2015, as amended
“ICAI”	The Institute of Chartered Accountants of India
“ICSI”	The Institute of Company Secretaries of India
“ICWAI”	The Institute of Cost & Works Accountants of India
“ICDS”	Income Computation and Disclosure Standards
“IFRS”	International Financial Reporting Standards of the International Accounting Standards Board
“India”	Republic of India
“Ind AS” or “Indian Accounting Standards”	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with IAS Rules
“Ind AS 24”	Indian Accounting Standard 24, “Related Party Disclosures”, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules
“Ind AS 37”	Indian Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets”, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules
“IGAAP” or “Indian GAAP”	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended) and the Companies (Accounts) Rules, 2014, as amended
“Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
“IPC”	The Indian Penal Code, 1860
“IPR”	Intellectual property rights
“IPO”	Initial public offer
“IST”	Indian standard time
“IT Act”	The Income Tax Act, 1961
“IT”	Information technology
“Listing Agreement”	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges
“Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015



<b>Term</b>	<b>Description</b>
“MCA”	Ministry of Corporate Affairs, Government of India
“MICR”	Magnetic ink character recognition
“Mn” or “mn”	Million
“N.A.”	Not applicable
“NAV”	Net asset value
“NBFC”	Non-Banking Financial Company
“NECS”	National electronic clearing service
“NEFT”	National electronic fund transfer
“N.I. Act”	The Negotiable Instruments Act, 1881
“NPCI”	National Payments Corporation of India
“NRE Account”	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
“NRI” or “Non-Resident Indian”	Non-Resident Indian as defined under the FEMA Regulations
“NRO Account”	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer
“P/E Ratio”	Price/earnings ratio
“PAN”	Permanent account number allotted under the Income Tax Act, 1961
“RBI”	Reserve Bank of India
“Regulation S”	Regulation S under the U.S. Securities Act
“RONW”	Return on Net Worth
“Rs.” or “Rupees” or “₹” or “INR”	Indian Rupees
“RTGS”	Real time gross settlement
“Rule 144A”	Rule 144 A under the U.S. Securities Act
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCRR”	Securities Contracts (Regulation) Rules, 1957
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act
“SEBI Act”	Securities and Exchange Board of India Act, 1992
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
“SEBI Merchant Bankers Regulations”	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999
“SEBI SBEB Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
“SICA”	The erstwhile Sick Industrial Companies (Special Provisions) Act, 1985
South India region	States of Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Kerala and Union Territory of Puducherry
“STT”	Securities Transaction Tax
“State Government”	Government of a State of India
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
“U.S.A”/ “U.S.”/ “United States”	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
“USD” or “US\$”	United States Dollars
“U.S. GAAP”	Generally Accepted Accounting Principles in the United States of America
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“VAT”	Value added tax
“VCFs”	Venture capital funds as defined in and registered with the SEBI under the Securities and

<b>Term</b>	<b>Description</b>
	Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be

## **CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION AND MARKET DATA**

### **Certain Conventions**

All references to “India” in this Prospectus are to the Republic of India and its territories and possession and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

All references to the “U.S.”, “USA” or “United States” are to the United States of America.

Unless stated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

### **Financial Data**

Unless stated otherwise or the context requires otherwise, the financial information and financial ratios in this Prospectus have been derived from our Restated Consolidated Summary Statements.

Certain other financial information pertaining to CCVL is derived from the CCVL Standalone Financial Statements.

Our Restated Consolidated Summary Statements are prepared by the Company in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the ICAI. Our financial information and financial statements as at and for the financial year ended March 31, 2021 is not comparable with the financial information and financial statements as at and for financial year ended March 31, 2020 and 2019 on account of acquisition of CCVL.

For further information on our Company’s financial information, see “*Restated Consolidated Summary Statements*” on page 199.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that calendar year. Reference in this Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

The degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with Indian GAAP, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details in connection with risks involving differences between Ind AS and other accounting principles, see “*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors’ assessments of our financial condition.*” on page 57. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless the context otherwise requires or indicates, any percentage amounts (excluding certain operational metrics), as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 32, 136 and 398, respectively, and elsewhere in this Prospectus have been derived from the Restated Consolidated Summary Statements.

In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places.

## Non-GAAP Measures

Certain non-GAAP measures like Net Worth, Return on Net Worth, Net Asset Value per equity share, EBITDA, EBITDA Margin, Operating Profit, Net Tangible Assets, Monetary Assets, Monetary Assets as a % of Net Tangible Assets, Total Borrowings, and total non – current borrowings / total equity (“Non-GAAP Measures”) presented in this Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company’s operating performance.

See “Risk Factors – We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under Ind AS.” and “Other Financial Information”, “Capitalisation Statement” and “Other Regulatory and Statutory Disclosures – Eligibility for the Offer” on pages 53, 393, 436 and 456, respectively.

## Currency and Units of Presentation

All references to:

1. “Rupees” or “INR” or “Rs.” or “₹” are to the Indian Rupee, the official currency of India; and
2. “USD” or “US\$” or “\$” or “U.S. Dollar” are to the United States Dollar, the official currency of the United States of America; and
3. CHF are to Swiss Franc, the official currency of Switzerland.

Except otherwise specified, our Company has presented certain numerical information in this Prospectus in “million”, “billion” and “trillion” units.

One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

## Time

All references to time in this Prospectus are to Indian Standard Time.

## Exchange Rates

This Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	As on March 31, 2021 <sup>(1)</sup> (₹)	As on March 31, 2020 <sup>(1)</sup> (₹)	As on March 31, 2019 <sup>(1)</sup> (₹)
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1 USD	73.51	75.39	69.17
1 CHF	77.79	78.47	69.64

(Source: USD - [www.fbil.org.in](http://www.fbil.org.in) & CHF – [www1.oanda.com](http://www1.oanda.com))

<sup>(1)</sup> In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Prospectus has been obtained or derived from the report titled “Market assessment of PVC, caustic soda, chloromethanes, hydrogen peroxide and custom manufacturing” dated March, 2021 prepared by CRISIL (the “**CRISIL Report**”) and publicly available information as well as other industry publications and sources. For the commissioning of the CRISIL Report, our Company had appointed CRISIL on January 23, 2021 for an agreed fee.

The CRISIL Report has been prepared at the request of our Company. For further details in relation to risks involving the CRISIL Report, see “*Risk Factors - We have commissioned and paid for an industry report from CRISIL Limited which has been used for industry related data in this Prospectus. There can be no assurance that such industry related data is either complete or accurate*” on page 37.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy, adequacy and completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 32. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

In accordance with the SEBI ICDR Regulations, the section titled “*Basis for the Offer Price*” on page 96, includes information relating to our peer group companies.

## Disclaimer of CRISIL

This Prospectus contains certain data and statistics from the CRISIL Report (which has been commissioned by our Company for an agreed fee), which is subject to the following disclaimer:

*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Chemplast Sanmar Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be*

*published/reproduced in any form without CRISIL's prior written approval.*

## NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares offered in the Offer have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside of the United States in offshore transactions as defined in and in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

## FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements which are not statements of historical facts and may be described as “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “are likely”, “believe”, “continue”, “can”, “shall”, “could”, “expect”, “estimate”, “intend”, “may”, “likely”, “objective”, “plan”, “project”, “propose”, “seek to”, “will”, “will continue”, “will likely”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. However, these are not the exclusive means of identifying forward looking statements.

All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations, taxes, changes in competition in our industry and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. Impact of coronavirus disease (COVID-19) on our business, results of operations and financial condition;
2. Ability to renew our leases on commercially accepted terms;
3. Significant indebtedness and restrictive conditions imposed on us by the lenders under our financing arrangements;
4. Ability to adequately protect our intellectual property rights against third party infringement;
5. Our exposure to the foreign exchange related fluctuations;
6. Non-availability of credit ratings or poor ratings of our Company;
7. Any adverse outcome of any legal proceedings involving our Company, CCVL and our Directors;
8. Any adverse developments affecting Tamil Nadu or Puducherry, as our manufacturing facilities are concentrated in Tamil Nadu and Puducherry;
9. Reduction in the demand for specialty paste PVC resin; and
10. Any downturn in the end-user industries;

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on pages 32, 136 and 398, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Neither our Company, our Directors, our Promoter, the GCBRLMs and BRLMs, the Syndicate Member nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Share forming part of the Offer from the date of the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholders shall ensure (through our Company and the



GCBRLMs and BRLMs) that the investors are informed of material developments in relation to statements specifically confirmed or undertaken by the respective Selling Shareholders in the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically confirmed or undertaken by the Selling Shareholders, as the case may be, in this Prospectus shall be deemed to be statements and undertakings made by such Selling Shareholders.

## SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of the terms of the Offer, certain disclosures included in this Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including the sections titled “Risk Factors”, “The Offer”, “Capital Structure”, “Industry Overview”, “Our Business”, “Objects of the Offer”, “Our Promoter and Promoter Group”, “Restated Consolidated Summary Statements”, “Management’s Discussions and Analysis of Financial Position and Results of Operations”, “Outstanding Litigation and Material Developments”, “Offer Structure”, on pages 32, 60, 76, 105, 136, 89, 188, 199, 398, 440 and 480 respectively.

### Primary business of our Company

CSL is a specialty chemicals manufacturer in India with focus on specialty paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is one of India’s leading manufacturers of specialty paste PVC resin, on the basis of installed production capacity as of December 31, 2020. In addition, CSL is also the third largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide, each in the States of Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Kerala and Union Territory of Puducherry (together, the “South India region”), on the basis of installed production capacity as of December 31, 2020 and one of the oldest manufacturers in the chloromethanes market in India. (Source: CRISIL Report) CSL has also acquired 100% equity interest in CCVL that is the second largest manufacturer of suspension PVC resin in India and the largest manufacturer in the South India region, on the basis of installed production capacity as of December 31, 2020. (Source: CRISIL Report)

### Summary of the Industry in which our Company operates

Total production of specialty paste PVC resin in India in financial year 2020 stood at 78 KTPA against a demand of 143 KTPA. Hence, 45% of the demand was met through imports. Specialty chemicals segment clocked 8-9% CAGR from financial years 2015 to 2020, driven by an increase in domestic consumption from various end-user industries and rising exports. Textile parks are expected to boost the demand for caustic soda. Hydrogen peroxide demand is expected to log 6-7% CAGR between financial years 2020 and 2025. Chloromethanes market is expected to grow at 8-9% CAGR through financial year 2025. India meets 56% of its S-PVC requirements via imports.

### Name of the Promoter

Our Promoter is SHL. For further details, see “Our Promoter and Promoter Group” on page 188.

### Offer Size

Offer of Equity Shares <sup>(1)</sup>	71,164,509* Equity Shares, aggregating to ₹38,500 million
of which	
Fresh Issue <sup>(1)</sup>	24,029,574* Equity Shares, aggregating to ₹ 13,000 million
Offer for Sale <sup>(2)</sup>	47,134,935* Equity Shares, aggregating to ₹ 25,500 million by the Selling Shareholders. comprising an offer for sale of to 45,534,935 Equity Shares aggregating to ₹ 24,634.40 million by the Promoter Selling Shareholder, and to 1,600,000* Equity Shares aggregating to ₹ 865.60 million by the Promoter Group Selling Shareholder

(1) The Offer has been authorized by a resolution of our Board dated April 15, 2021, as amended by a resolution of our IPO Committee dated July 29, 2021, and by a resolution of our Shareholders dated April 27, 2021.

(2) The Equity Shares offered by the Selling Shareholders are eligible for being offered for sale as part of the Offer in terms of the SEBI ICDR Regulations. For further details of authorisations pertaining to the Offer for Sale, see “Other Regulatory and Statutory Disclosures” on page 456.

\*Subject to finalization of Basis of Allotment

The Offer shall constitute 45.01% of the post Offer paid up Equity Share capital of our Company.

The above table summarises the details of the Offer. For further details of the offer, see “The Offer” and “Offer Structure” on pages 60 and 480, respectively.

## Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(In ₹ million)

Particulars	Amount
Early redemption of Non-Convertible Debentures issued by our Company, in full	12,382.50
General corporate purposes	271.20
<b>Net Proceeds</b>	<b>12,653.70</b>

For further details, see “Objects of the Offer” on page 89.

## Aggregate pre-Offer shareholding of our Promoter and our Promoter Group

The aggregate pre-Offer shareholding of our Promoter and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of the Company is set out below:

S No.	Name of shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of total pre-Offer paid up Equity Share capital (%)
<b>Promoter</b>			
1.	SHL*	132,480,000**	98.81
<b>Promoter Group</b>			
2.	SESL***	1,600,000	1.19
	<b>Total</b>	<b>134,080,000</b>	<b>100.00</b>

\*Also the Promoter Selling Shareholder.

\*\*Held along with 5 other nominees holding two Equity Shares each.

\*\*\*Also the Promoter Group Selling Shareholder.

## Summary derived from the Restated Consolidated Summary Statements

The following details of our capital, net worth, net asset value per Equity Share and total borrowings as at and for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and total revenue from operations, profit after tax and earnings per Equity Share (basic and diluted) for the Fiscals 2021, 2020 and 2019 are derived from the Restated Consolidated Summary Statements:

(In ₹ million except per share data)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Equity Share capital	670.40	670.40	670.40
Net Worth	(18,656.75)	8,460.25	14,115.26
Total Income	38,151.08	12,655.10	12,667.74
Restated Profit / (Loss) after tax	4,102.44	461.25	1184.64
Earnings per share			
- Basic	30.60	2.04	4.53
- Diluted	30.60	2.04	4.53
Net asset value per equity share	(139.15)	63.10	105.27
Total Borrowings	21,102.28	12,886.84	2,528.52

For further details see “Financial Information” on page 199.

## Qualifications of the Auditors which have not been given effect to in the Restated Consolidated Summary Statements

There are no auditor qualifications which have not been given effect to in the Restated Consolidated Summary Statements.

## Summary of Outstanding Litigation

A summary of outstanding litigation proceedings as on the date of this Prospectus as disclosed in the section titled “Outstanding Litigation and Material Developments” in terms of the SEBI ICDR Regulations and the Materiality

Policy is provided below:

(In ₹ million)

Type of Proceedings	Number of cases	Amount involved* (₹ in million)	Amount of provisioning (if any)	Amount reflected as contingent liabilities
<b>Cases against our Company</b>				
Criminal proceedings	-	-	-	-
Actions taken by statutory or regulatory authorities	31	503.75	202.51	142.46
Claims related to direct and indirect taxes	256	1,159.11	117.67	263.13
Other pending material litigation proceedings	1	-	-	-
<b>Total</b>	<b>288</b>	<b>1,662.86</b>	<b>320.18</b>	<b>405.59</b>
<b>Cases by our Company</b>				
Criminal proceedings	-	-	-	-
Other pending material proceedings	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against our Subsidiary</b>				
Criminal proceedings	-	-	-	-
Actions taken by statutory or regulatory authorities	3	15.86	8.70	-
Claims related to direct and indirect taxes	35	308.71	45.46	48.40
Other pending material litigation proceedings	-	-	-	-
<b>Total</b>	<b>38</b>	<b>324.57</b>	<b>54.16</b>	<b>48.40</b>
<b>Cases by our Subsidiary</b>				
Criminal proceedings	-	-	-	-
Other pending material proceedings	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against our Promoter</b>				
Criminal proceedings	-	-	-	-
Actions taken by statutory or regulatory authorities	-	-	-	-
Disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoter in the last five Financial Years.	-	-	-	-
Claims related to direct and indirect taxes	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases by our Promoter</b>				
Criminal proceedings	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against the Directors</b>				
Criminal proceedings	2	NA	-	-
Actions taken by statutory or regulatory authorities	-	-	-	-
Direct and indirect taxes	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>2</b>	<b>NA</b>	<b>-</b>	<b>-</b>
<b>Cases by the Directors</b>				
Criminal proceedings	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against the Group Companies</b>				
Pending litigation which has a material impact on our Company	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases by the Group Companies</b>				
Pending litigation which has a material impact on our Company	-	-	-	-

\*To the extent quantifiable

For further details of the outstanding litigation proceedings, see “*Outstanding Litigation and Material Developments*” on page 440.

## Risk Factors

Investors should see “*Risk Factors*” on page 32 to have an informed view before making an investment decision.

## Summary of Contingent Liabilities of our Company

Details of the contingent liabilities (as per Ind AS 37) of our Company as on March 31, 2021 derived from the Restated Consolidated Summary Statements are set forth below:

Sr. No.	Particulars	Amount (in ₹ million) as on March 31, 2021
1.	Claims against the Company not acknowledged as debts :	
	- On account of Direct Taxes	67.26
	- On account of Indirect Taxes	277.22
	- On account of other disputes	143.96
	<b>Total</b>	<b>488.44</b>

For further details of the contingent liabilities (as per Ind AS 37) of our Company as on March 31, 2021, see “*Restated Consolidated Summary Statements – Contingent liabilities*” on page 303.

## Summary of Related Party Transactions

Summary of the related party transactions as per Ind AS 24-Related Party Disclosures, read with the SEBI ICDR Regulations, derived from Restated Consolidated Summary Statements, is as follows:

(₹ in million)

Nature of transaction	Name of the Party	Fiscal 2021	Fiscal 2020	Fiscal 2019
Sale of power	Chemplast Cuddalore Vinyls Limited	-	146.14	75.80
Sale of materials	Chemplast Cuddalore Vinyls Limited	-	7.86	-
Sale of MEIS scrips	Chemplast Cuddalore Vinyls Limited	-	19.25	-
Printing and stationery expense	Chemplast Cuddalore Vinyls Limited	-	0.91	5.27
Purchase of MEIS Scrips	Sanmar Engineering Services Limited	-	-	2.25
Distribution of profits received from joint venture	Mowbrays Corporate Finance		17.23	92.58
Profit/(loss) on sale/redemption of investments in joint venture and associate (including OCI share)	Mowbrays Corporate Finance	1,697.15	-	-
	Sanmar Group International Limited	3,007.59		
Share of profit / (loss) from associate and joint venture (including OCI share)	Mowbrays Corporate Finance	( 758.68)	( 538.66)	( 305.98)
	Sanmar Group International Limited	( 2,824.83)	( 43.16)	-
Expenses paid		-	-	-
Expenses recovered	Sanmar Engineering Services Limited	0.08	-	-
	Chemplast Cuddalore		0.36	-

(₹ in million)

Nature of transaction	Name of the Party	Fiscal 2021	Fiscal 2020	Fiscal 2019
	Vynyls Limited			
Advance for issuance of zero coupon compulsorily convertible debentures redeemed during the year	Sanmar Holdings Limited	-	6,375.00	-
Investment made during the year	Mowbrays Corporate Finance	-	4,590.20	23,232.48
Investment redeemed during the year	Mowbrays Corporate Finance	10,734.63	5,842.86	20,621.86
Redemption of Debentures	Sanmar Engineering Services Limited	24,553.35		
Remuneration	P S Jayaraman Ramkumar Shankar	17.55 14.81	20.46	17.68
Sitting fees	S.V.Mony V K Parthasarathy	- 0.03	- 0.03	0.01 0.04
Investment made during the year in CCPS	Sanmar Group International Limited		4,821.95	-
Investment redeemed during the year	Sanmar Group International Limited	16,821.95		-

No fresh investment in CCPS of Sanmar Group International Limited were made in 2020-21.

For further details of the related party transactions, as per the requirements under Ind AS 24 ‘Related party transactions, see “*Related Party Transactions*” on page 397.

### Financing Arrangements

There have been no financing arrangements whereby our Promoter, members of the Promoter Group, the directors of SHL, our Directors and their relatives have financed the purchase of any securities of our Company by any other person during a period of six months immediately preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

### Weighted average price at which the Equity Shares were acquired by our Promoter and the Selling Shareholders in the one year preceding the date of this Prospectus

The Promoter Selling Shareholder\* and the Promoter Group Selling Shareholder\*\* have not acquired any Equity Shares in the last one year preceding the date of this Prospectus\*\*\*.

\*Also our Promoter.

\*\*Also a member of the Promoter Group.

\*\*\*As certified by Independent Chartered Accountant, by way of their certificate dated August 2, 2021.

### Average cost of acquisition for our Promoter and Selling Shareholders

The average cost of acquisition per Equity Share by our Promoter and the Selling Shareholders, as at the date of this Prospectus, is:

Name of the Promoter / Selling Shareholders	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)***
SHL*	132,480,000	1.72
SESL**	1,600,000	30.14

\*Also our Promoter.

\*\*Also a member of the Promoter Group.

\*\*\* As certified by Independent Chartered Accountant, by way of their certificate dated August 2, 2021.

For further details of the average cost of acquisition for our Promoter, see “*Capital Structure – Build-up of our*

*Promoter' shareholding in our Company*" at page 82.

**Issue of Equity Shares for consideration other than cash in the last one year**

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Prospectus.

**Split / Consolidation of Equity Shares in the last one year**

Except as disclosed in the section, "*Capital Structure*" on page 76, there has been no split or consolidation of the Equity Shares of our Company in the last one year.

## SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors together with all other information set forth in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described below are not the only risks that we currently face or are relevant to us, our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, prospects, results of operations, cashflows and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations of our Company” and “Results of Operations of CCVL” on pages 136, 105, 398 and 428, respectively, as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Prospectus.*

*If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, results of operations, cashflows and financial condition could suffer, the trading price of, and the value of your investment in, the Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In making an investment decision with respect to this Offer, you must rely on your own examination of our Company, Chemplast Cuddalore Vinyls Limited (“CCVL”), our wholly owned subsidiary as of March 31, 2021, our business, and the terms of this Offer, including the merits and risks involved and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section, such as those relating to levels of consolidated indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. See “Forward-Looking Statements” on page 24.*

*Our Company manufactured suspension PVC resin until Financial Year 2018. The undertaking engaged in suspension PVC resin business was demerged from our Company to CCVL, on a going concern basis, with effect from April 1, 2018, pursuant to a scheme of arrangement (the “**Composite Scheme of Arrangement**”). Unless otherwise stated, or unless context requires otherwise, all financial information of our Company used in this section has been derived from our Restated Consolidated Summary Statements and all the financial information of CCVL used in this section has been derived from CCVL’s Standalone Financial Statements. CCVL became our wholly owned subsidiary on March 31, 2021 pursuant to the acquisition of CCVL by our Company (“**CCVL Acquisition**”), and our financial statements for the Financial Year 2021 included in the Prospectus includes the effect of the results of operations and financial condition of CCVL from April 1, 2020 considering the requirements of the applicable accounting standard and read with the requirements of the SEBI ICDR Regulations. Our financial information and financial statements as at and for the financial year ended March 31, 2021 is not comparable with the financial information and financial statements as at and for financial years ended March 31, 2020 and 2019 on account of CCVL Acquisition. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In this section, unless the context otherwise requires, references to “we”, “us”, “our” and similar terms are to Chemplast Sanmar Limited, on a consolidated basis.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report titled “Market assessment of PVC, caustic soda, chloromethane, hydrogen peroxide and custom manufacturing” dated March 2021 (the “**CRISIL Report**”) prepared and issued by CRISIL Limited and commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

### INTERNAL RISK FACTORS



**1. *The extent to which the coronavirus disease (COVID-19) affects our business, results of operations and financial condition will depend on future developments, which are uncertain and cannot be predicted.***

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India and other countries where our suppliers and customers are located. The COVID-19 pandemic has had, and may continue to have, repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for Financial Year 2021 downwards in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have reacted by taking measures, including in the regions in which we operate, such as prohibiting people from assembling in heavily populated areas, instituting quarantines, restricting travel, issuing lockdown orders and restricting the types of businesses that may continue to operate, among many others. The outbreak of COVID-19 was recognized as a public health emergency of international concern on January 30, 2020 and as a pandemic by the WHO on March 11, 2020. On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown announced on March 24, 2020. While progressive relaxations were granted for movement of goods and people and cautious re-opening of businesses and offices, lockdowns were re-imposed from March 2021 to June 2021 that disrupted our supply chains, thereby affecting supply of products to our end consumers. However, a majority of the end-user industries resumed full production and demand improved during the second quarter of financial year 2021. However, lockdowns may be re-introduced in other areas or extended in the future which could have an adverse impact on our operations.

The COVID-19 pandemic may affect our business, results of operations and financial condition, in the future, in a number of ways such as:

- result in a complete or partial closure of, or disruptions or restrictions on our ability to conduct, our manufacturing operations;
- impact ability of our management and employees to travel, enter into or complete material contracts and other business transactions and delay movement of our products;
- our inability to source key raw materials as a result of the temporary or permanent closure of the facilities of suppliers of our key raw materials;
- non-availability of labour, which could result in a slowdown in our operations and delay the expansion of our manufacturing facilities;
- our inability to access debt and equity capital on acceptable terms, or at all;
- the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our compliance with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness;
- increased vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of employees working from home;
- uncertainty as to what conditions must be satisfied before government authorities completely lift lockdown orders; and
- the potential negative impact on the health of our employees, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

On account of the lockdown, our manufacturing facilities were shut down in April 2020 (other than our Berigai Facility for custom manufacturing operations), and this resulted in a reduction in our revenues. We also incurred additional expenses in connection with, among other things, retaining employees, fixed costs payable for maintaining our manufacturing plants and loss of inventory.

Our Berigai Facility, which performs custom manufacturing, continued to operate even during the various lockdowns, as our custom manufacturing business caters to the pharmaceutical and agro-chemical sectors which were considered ‘essential services’. The demand for our specialty paste PVC resins increased due to increased demand for vinyl gloves. Demand for the majority of our products, such as chloromethanes, have since recovered and have substantial margins, whereas demand for caustic soda and hydrogen peroxide remains weak.

While COVID-19 has caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility, and steps have been taken to counter the effects of the pandemic have resulted in a period of economic downturn and business disruption in India and globally. The demand for our products is dependent on and directly affected by factors affecting industries where our products are applied. Our customers are typically engaged in various industries, including agrochemicals, personal care, pharmaceuticals, specialty pigments and dyes, and polymer additives. Companies have faced disruptions in manufacturing and their supply chains. While there have been no instances of non-fulfilment of obligations or cancellations of contracts or agreements by any parties due to the COVID-19 pandemic, events beyond our control may unfold in the future, which make it difficult for us to predict the impact that the COVID-19 pandemic will have on us, our customers or suppliers in the future. Further, our insurance policies may not provide adequate coverage in circumstances, such as the COVID-19 pandemic.

Our business and operations were adversely affected by the second wave of the COVID-19 pandemic, primarily due to the impact on our logistical operations caused by lockdowns imposed across the country, and as a result of which transportation of finished goods was affected. However, we continued our manufacturing activities in the ordinary course of business throughout the first quarter of Financial Year 2022. While our results from operations, including revenue from operations and profitability for the first quarter of Financial Year 2022 improved as compared to the first quarter of Financial Year 2021, they were adversely affected in comparison with the immediately preceding quarter.

Our Company has made a detailed assessment of its liquidity position and of the recoverability of the Company's assets based on internal and external information. Based on the performance of sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to our Company's operations (wherever applicable), our management expects to recover the carrying value of these assets. However, due to COVID-19 pandemic, the impact of COVID-19 pandemic may differ from those estimated.

Our Statutory Auditor has included an emphasis of matter in its examination report on our Restated Consolidated Summary Statements for the Financial Years 2021 and 2020, describing the impact of COVID-19 pandemic, and its consequential impact on our Company's operations and carrying value of its assets.

Further, the statutory auditor of CCVL has included an emphasis of matter in its audit report on CCVL's Standalone Financial Statements for the Financial Year 2021, describing the continuing uncertainties caused due to the COVID-19 pandemic, and its consequential impact on CCVL's operations and carrying value of its assets. The statutory auditor of CCVL has also included an emphasis of matter in its audit report on CCVL's Standalone Financial Statements for the Financial Year 2020, describing the impact of COVID-19 pandemic on CCVL's liquidity position and the recoverability of carrying value of property, plant and equipment, inventories and investments as assessed by the management of CCVL. The actual results may differ from such estimates depending on future developments.

Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, financial condition and results of operations. Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "Risk Factors" section.

- 2. We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired.***

We do not own premises for our registered office. The lease for the Vedaranyam Salt Field has expired on June 30, 2013, and we are in the process of renewing the lease deed, which we have applied for on September 4, 2012. Further, we operate our manufacturing facility on parcels of land that are held by us on a leasehold as well as freehold basis. We cannot assure you that we will be able to renew our leases on commercially acceptable terms, or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations or shut down our manufacturing facilities, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

3. *We have incurred significant indebtedness and our lenders have imposed certain restrictive conditions on us under our financing arrangements. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.*

As of March 31, 2021, we had total outstanding borrowings of ₹ 20,168.82 million. Many of our financing agreements include conditions and restrictive covenants, including the requirement that we obtain consent from or intimate our respective lenders prior to carrying out certain activities and entering into certain transactions including, among others, effecting any change in our Company’s capital structure, carrying out or entering into any amalgamation, consolidation, demerger, merger, restructuring, reorganization, corporate reconstruction by our Company, amending our Company’s memorandum of association or articles of association and investing by way of share capital or lending or advancing funds to or placing deposits with any other concerns except in normal course of our business. These restrictions may limit our flexibility in responding to business opportunities, competitive developments and adverse economic or industry conditions.

34,860,800 Equity Shares aggregating to 26% of the total pre-Offer share capital of our Company, held by our Promoter were pledged in favour of IDBI Trusteeship Services Limited to secure the NCDs, pursuant to the unattested deed of pledge dated December 20, 2019 entered between our Promoter, our Company and IDBI Trusteeship Services Limited (“**Pledge Deed**”). However, only in order to facilitate this Offer, IDBI Trusteeship Services Limited agreed to release the pledge over 34,860,800 Equity Shares. Accordingly, as on the date of this Prospectus, none of the Equity Shares held by our Promoters or Promoter Group are pledged. Further, an additional 33,520,000 Equity Shares aggregating to 25% of the total pre-Offer share capital of our Company, have been agreed to be pledged by our Promoter upon occurrence of certain trigger events, as set out under Pledge Deed, and a non-disposal undertaking dated December 20, 2019 entered between our Company, our Promoter and IDBI Trusteeship Services Limited, has been executed in this regard, wherein our Promoter has agreed not to transfer or encumber the aforesaid Equity Shares.

Further, a breach of any of the covenants, or a failure to pay interest or indebtedness when due, under this or any of our other financing arrangements, could result in a variety of adverse consequences, including the termination of one or more of our credit facilities, levy of penal interest, the enforcement of any security provided, acceleration of all amounts due under such facilities, right to appoint nominee on our Board and cross-defaults under certain of our other financing agreements, any of which may adversely affect our business, results of operations and financial condition.

Our financing agreements also generally contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios. These covenants vary depending on the requirements of the financial institution extending the loan and the conditions negotiated under each financing document. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. In the past, our Company and CCVL had not complied with financial covenants under certain of our financing agreements. The following table sets forth the financial covenants were not complied with by our Company and CCVL in the past:

Our Company

Bank	Period	Financial Covenant
Debenture Holders	Three months ended June 30, 2020	Interest service coverage ratio and total debt / EBITDA

CCVL

Bank	Period	Financial Covenant
Yes Bank	Financial Year 2020	Debt service coverage ratio and total debt / EBITDA
IndusInd Bank	Financial Year 2020	Debt service coverage ratio and total debt / EBITDA

We have obtained waivers of specific breaches and / or confirmations that the financing covenants are not applicable. We cannot assure you that we will comply with the covenants with respect to our financing arrangements in the future or that we will be able to secure waivers for any such non-compliance in a timely manner or at all. If the obligations under any of our financing agreements are accelerated, we may

have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes.


**4. Our Statutory Auditor has included certain emphasis of matters and other matters paragraph, in its examination report on our Restated Consolidated Summary Statements, and the statutory auditor of CCVL, has included certain emphasis of matter, in its audit reports.**

Our Statutory Auditor has included emphasis of matters in its examination report on our Restated Consolidated Summary Statements (i) for the Financial Years 2021 and 2020, describing the impact of COVID-19 pandemic, and its consequential impact on our Company's operations and carrying value of its assets; and (ii) for the Financial Year 2019, describing a composite scheme of arrangement involving, *inter alia*, our Company and the related accounting treatment in respect of a demerger and a common control business combination in accordance with the certified order of the NCLT dated April 26, 2019 approving the combination with effect from an appointed date of April 1, 2018. We cannot assure you that our Statutory Auditor's observations for any future financial period will not contain similar remarks, emphasis of matters or other matters, prescribed under the Companies (Auditors Report) Order, 2016, and will not be included in the auditor's report on our financial statements for the future financial periods and that such matters will not otherwise affect out results of operations. For further details in relation to (i) the emphasis of matters and other matters included by the other auditor in the audit reports on consolidated financial statements of Sanmar Group International Limited; and (ii) other matters included by the other auditor in in the audit reports on the consolidated financial statements of Mowbrays Corporate Finance, see "*Restated Consolidated Summary Statements*" on page 199.


Further, the statutory auditor of CCVL has included an emphasis of matter in (i) its audit report on CCVL's Standalone Financial Statements for the Financial Year 2021, describing the uncertainties and impact of COVID-19 pandemic, and its consequential impact on CCVL's operations and carrying value of its assets; (ii) its audit report on CCVL's Standalone Financial Statements for the Financial Year 2020, describing the impact of COVID-19 pandemic on CCVL's liquidity position and the recoverability of carrying value of property, plant and equipment, inventories and investments as assessed by the management of CCVL; and (iii) its audit report for Financial Year 2019, describing a composite scheme of arrangement and the accounting for a common control business combination in accordance with the certified order of the NCLT dated April 26, 2019 approving the combination involving CCVL with effect from an appointed date of April 1, 2018 with restatement of comparative periods for the effect of the combination in accordance with Ind AS 103.

**5. Our intellectual property rights may not be adequately protected against third party infringement.**



We have two registered trademarks 'CHEMPLAST' and . Further, our Company owns the tradename 'CHEMPLAST'. Pursuant to a grant letter dated May 20, 2019, our Company has granted CCVL, a royalty free, non-exclusive, personal, non-transferable right to use the above mentioned tradename and the trademarks, subject to certain conditions, in the trade and business of suspension PVC resin and in related commercial and advertising documents. Additionally, pursuant to a letter dated March 22, 2021, our Promoter has granted our Company, a royalty free, non-exclusive, personal, non-



transferable right to use the trade name / trade mark . We have also purchased the manufacturing technology and know-how for hydrogen peroxide in 2017. In addition, we have entered into a technology license agreement dated April 30, 2006 with Ineos Vinyls UK Ltd. for the non-exclusive, non-transferable right to use technical information and know-how for, among other things, manufacturing suspension PVC resin and technology for the use of PVC additives, which was valid till April 30, 2016. However, certain clauses including the rights to use the technology survived the expiration of the agreement. The agreement was subsequently transferred to CCVL pursuant to the demerger of suspension PVC resin undertaking from our Company as per the NCLT order dated April 26, 2019. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of these trademarks and our other intellectual property rights. We may not be able to protect our intellectual property rights against third party infringement and any unauthorized use of our intellectual property including our brand on products which are not manufactured by us and which are of inferior quality, and which may adversely affect our brand value and consequently our business. The use of trade names or trademarks by third

parties which are similar to our trade names or trademarks may result in confusion among customers and loss of business. Further, entities in India could pass off their own products as ours, including counterfeit or pirated products. For example, certain entities could imitate our brand names, packaging materials or attempt to create look-alike products. As a result, our market share could be reduced due to replacement of demand for our products and adversely affect our goodwill. In addition, any adverse experience of customers of such third-party products, or negative publicity attracted by such third-party products could adversely affect our reputation, brand and business. The proliferation of unauthorized copies of our products, and the time and attention lost to defending claims and complaints about spurious products, could decrease our revenue and have an adverse effect on our reputation, goodwill and results of operations.

We may also be susceptible to claims from third parties asserting infringement and other related claims relating to trademarks and brands under which we sell our products. Any such claim could adversely affect our relationship with existing or potential customers, result in costly litigation and divert management's attention and resources. An adverse ruling arising out of any intellectual property dispute could subject us to liability for damages and could adversely affect our business, results of operations and financial condition.

**6. *We have commissioned and paid for an industry report from CRISIL Limited which has been used for industry related data in this Prospectus. There can be no assurance that such industry related data is either complete or accurate.***

We have commissioned and paid CRISIL Limited to prepare a report on the chemicals industry and they have provided us with a report titled "Market assessment of PVC, caustic soda, chloromethanes, hydrogen peroxide and custom manufacturing" dated March, 2021 (the "**CRISIL Report**"), which has been used for industry related data that has been disclosed in this Prospectus. The CRISIL Report uses certain methodologies for market sizing and forecasting. Accordingly, investors should read the industry related disclosure in this Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on the information in the CRISIL Report.

**7. *We have in the past entered into related party transactions and will continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.***

We have in the past entered into transactions with certain of our related parties and are likely to do so in the future. As on March 31, 2021, CSL does not have any investments in related companies, except for the investment in CCVL. For details, see "*Related Party Transactions*" on page 397. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we could not have obtained more favourable terms had such transactions been entered into with unrelated parties. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended and the Listing Regulations, we cannot assure you that such transactions in the future, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

**8. *100% of the share capital of CCVL, which is held by our Company, is pledged in favour of Housing Development Finance Corporation Limited.***

100% of the share capital of CCVL, which is held by our Company, is pledged in favour of Housing Development Finance Corporation Limited ("**HDFC Limited**") for the purpose of securing certain financing facilities availed by SESL. Any default in respect of the aforesaid facility, could result in such pledge being invoked, and consequent disposal of such shareholding by HDFC Limited. For further details in regard to the share capital of CCVL, see "*Our Subsidiary*" on page 170.

**9. *We face foreign exchange fluctuation risks that could adversely affect our results of operations.***

We are exposed to foreign exchange related fluctuation risks since our business is dependent on imports

entailing large foreign exchange transactions, in currencies including USD, EUR and GBP. For the Financial Years 2021, 2020 and 2019, our Company imported ₹ 20,318.97 million, ₹ 2,558.68 million and ₹ 3,487.12 million of raw materials, constituting 94%, 64% and 73% of its total raw materials. Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations and cash flows.

10. *Our ability to access capital at attractive costs depends on our credit ratings. Non-availability of credit ratings or a poor rating may restrict our access to capital and thereby adversely affect our business and results of operations.*

The cost and availability of capital, among other factors, depend on our credit rating. Our credit ratings for the Financial Years indicated are as follows:

**India Ratings:**

Instrument Type	Current rating/Outlook			Historical Rating/Rating watch/Outlook			
	Rating type	Rating Limits (₹ in million)	Rating (Jun 21)	20-Mar-20	03-Jun-19	01-Mar-19	06-Apr-18
Issuer rating	Long-term		IND A-/Stable	IND A-/Stable	IND A+/RWE	IND A+/Positive	IND A/Stable
Non fund-based working capital limits	Short-term	2000	IND A1	IND A1	IND A1+/RWE	IND A1+	IND A1

**Brickworks Rating:**

Instrument Type	Current rating/Outlook			Historical Rating/Rating watch/Outlook						
	Rating type	(₹ in million)	5 August 2021	31 Jul 2020	30-Jun-20	May-20	Feb-20	Aug-19	Jan-19	Jul-18
NCD	Long-term	12,382.50	BWR A/Stable Reaffirmed with Revision of Outlook to Stable	BWR A / Negative	BWR A / Stable	BWR A / Stable	BWR A / Stable Assigned	NA	NA	NA
Fund-based	Long-term	(500)	BWR A/Stable Reaffirmed with Revision	BWR A/Negative	BWR A/Stable	BWR A/Stable Reaffirmed	BWR A / Stable Reaffirmed	BWR A / Stable	BWR AA-/Stable	BWR AA-/Stable

			n of Outlook to Stable							
Non fund-based working capital limits	Short-term	2000	BWR A1 Reaffirmed	BWR A1 Reaffirmed	BWR A1	BWR A1 Reaffirmed	BWR A1 Reaffirmed	BWR A1	BWR A1+ Reaffirmed/Assigned	BWR A1+

NA in Aug-19, Jan-19 and Jul-18 since the facility was not in existence in those periods

Our credit rating reflects, amongst other things, the rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our inability to maintain such credit ratings or any downgrades in our credit ratings may increase borrowing costs and constrain our access to capital and lending markets and, as a result, could adversely affect our business and results of operations. In addition, non-availability of credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

Similarly, CCVL's credit ratings are set forth below:

Agency	Instrument	Financial Year 2021		Financial Year 2020		Financial Year 2019		
		Rating	Outlook	Rating	Outlook	Rating	Outlook	
Brickwork Ratings	Fund Based	BWR A-	Reaffirmed with	BWR A-	Reaffirmed with	BWR A-	Stable	
	Term loan		Revision of Outlook to Stable		Revision of Outlook to Stable			
	Cash Credit							
	Non-fund based	BWR A2+	Reaffirmed	BWR A2+	Reaffirmed with	BWR A2+	Reaffirmed with	
	LC/BG/SBLC				Revision of Outlook to Stable			Revision of Outlook to Stable
	Proposed BG/LC/SBLC							

#### CCVL -Brickworks

Instrument Type	Facilities	Rating type	Current rating/Outlook	Historical Rating/Rating watch/Outlook	
				19-May-20	27-Aug-19
Fund-based	- Term loans - Cash credit	Long term	BWR A-/Stable	BWR A- / Negative	BWR A- / Stable
Non fund-based working capital limits	- BG/ LC/ SBLC - Proposed BG/ LC/ SBLC	Short term	BWR A2+ / Reaffirmed	BWR A2+ / Reaffirmed	BWR A2+ / Assigned

CCVL's inability to obtain such credit ratings or any downgrades in CCVL's credit ratings may increase borrowing costs and constrain its access to capital and lending markets, and as a result, could adversely affect its business and results of operations.

11. *There are outstanding litigations involving our Company, CCVL and our Directors. Any adverse outcome in any of these proceedings may adversely affect our results of operations and financial condition.*

Our Company, CCVL and our Directors are involved in certain outstanding legal proceedings, which are pending at different levels of adjudication at different fora. Brief details of such outstanding litigation are as follows:

(In ₹ million)

Type of Proceedings	Number of cases	Amount involved* (₹ in million)	Amount of provisioning (if any)	Amount reflected as contingent liabilities
<b>Cases against our Company</b>				
Criminal proceedings	-	-	-	-
Actions taken by statutory or regulatory authorities	31	503.75	202.51	142.46
Claims related to direct and indirect taxes	256	1,159.11	117.67	263.13
Other pending material litigation proceedings	1	-	-	-
<b>Total</b>	<b>288</b>	<b>1,662.86</b>	<b>320.18</b>	<b>405.59</b>
<b>Cases by our Company</b>				
Criminal proceedings	-	-	-	-
Other pending material proceedings	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against our Subsidiary</b>				
Criminal proceedings	-	-	-	-
Actions taken by statutory or regulatory authorities	3	15.86	8.70	-
Claims related to direct and indirect taxes	35	308.71	45.46	48.40
Other pending material litigation proceedings	-	-	-	-
<b>Total</b>	<b>38</b>	<b>324.57</b>	<b>54.16</b>	<b>48.40</b>
<b>Cases by our Subsidiary</b>				
Criminal proceedings	-	-	-	-
Other pending material proceedings	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against our Promoter</b>				
Criminal proceedings	-	-	-	-
Actions taken by statutory or regulatory authorities	-	-	-	-
Disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoter in the last five Financial Years.	-	-	-	-
Claims related to direct and indirect taxes	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases by our Promoter</b>				
Criminal proceedings	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against the Directors</b>				
Criminal proceedings	2	NA	-	-
Actions taken by statutory or regulatory authorities	-	-	-	-
Direct and indirect taxes	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>2</b>	<b>NA</b>	<b>-</b>	<b>-</b>
<b>Cases by the Directors</b>				
Criminal proceedings	-	-	-	-
Other pending material litigation	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases against the Group Companies</b>				
Pending litigation which has a material impact on our Company	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cases by the Group Companies</b>				
Pending litigation which has a	-	-	-	-



Type of Proceedings	Number of cases	Amount involved* (₹ in million)	Amount of provisioning (if any)	Amount reflected as contingent liabilities
material impact on our Company				

\* To the extent quantifiable and ascertainable.

Note: Litigations where the exposure is assessed as remote are neither provided nor disclosed as contingent liability as per Ind AS 37.

For further details, see “*Outstanding Litigation and Material Developments*” on page 440.

We cannot assure you that these legal proceedings will be decided in favour of our Company, CCVL and our Directors, as the case may be, or that no further liability will arise out of these proceedings. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our Restated Consolidated Summary Statements that could increase our expenses and current liabilities. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may have an adverse effect on our results of operations and financial condition.

**12. Some of our Group Companies and CCVL, our wholly owned subsidiary have incurred losses in recent Financial Years, based on their last available audited financial statements.**

Some of our Group Companies, namely Sanmar Engineering Services Limited, Sanmar Overseas Investments AG and TCI Sanmar Chemicals S.A.E., have incurred losses in the Financial Year 2020, based on their audited financial statements. For further information on our loss making Group Companies, see “*Group Companies – Loss Making Group Companies*” on page 197. Further, CCVL, our wholly-owned subsidiary incorporated in Chennai, India, incurred a loss after tax of ₹ 976.54 million for Financial Year 2020, as stated in its audited standalone financial statements for that year, and a profit after tax of ₹ 943.72 million and ₹ 2,666.48 million in the Financial Years 2019 and 2021, respectively. We cannot assure that our Group Companies or CCVL will not incur losses in the future.

**13. We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition and results of operations.**

Our contingent liabilities as per Ind AS 37 as of March 31, 2021 were as follows:

Matter	As of March 31, 2021
Claims against the company not acknowledged as debt:	
On account of direct taxes	67.26
On account of indirect taxes	277.22
On account of other disputes	143.96
<b>Total</b>	<b>488.44</b>

If a significant portion of these liabilities materialize, it could have an adverse effect on our results of operations and financial condition. Further, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

**14. Our Company was incorporated in 1985 and some of our corporate records, regulatory filings, including those relating to certain allotments of our equity shares, and transfer of our equity shares undertaken by our Promoter, in the past, are not traceable.**

Certain corporate records, regulatory filings, and payment acknowledgment with respect to regulatory filings, in relation to certain allotments of equity shares of our Company are not traceable pertaining to a period when the data at the Registrar of Companies was not computerised. We have been unable to trace these documents despite conducting a search at the relevant Registrar of Companies through a third party independent source, and may be unable to obtain copies of these documents in the future to ascertain details of the relevant transactions. While the prior shareholding of our Promoter was cancelled pursuant to Composite Scheme of Arrangement approved by NCLT, Chennai *vide* order dated April 26, 2019, our Company has not been able to retrieve certain corporate records pertaining to certain acquisitions or sale

of equity shares undertaken by our Promoter prior to such cancellation. Accordingly, reliance has been placed on the information available with our Company such as, *inter alia*, filings made with the RoC, Stock Exchanges and RBI, demat transfer slips, demat statements, board and shareholders' resolution and other documents, the certificate provided by the third party independent source, and the confirmations provided by us in respect of the untraceable secretarial documents. We cannot assure you that the information gathered, including through other alternative independent sources and available documents is accurate. For details, see "*Capital Structure*" on page 76.

**15. *Unplanned slowdowns or shutdowns in our manufacturing operations or under-utilization of our manufacturing capacities could have an adverse effect on our business, results of operations, cash flows and financial condition.***

We have four manufacturing facilities, of which three are located in Tamil Nadu and one is located in Puducherry. Our business is dependent upon our ability to efficiently manage our manufacturing facilities, which are subject to various operating risks, including productivity of our workforce, compliance with regulatory requirements and circumstances beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions, natural disasters and infectious disease outbreaks such as the COVID-19 pandemic. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. We may also experience loss of, or a decrease in, revenue due to lower manufacturing levels. In addition, we may be required to shut down our manufacturing facilities for various reasons such as maintenance, inspection, testing and capacity expansion. Further, the capacity utilization at our manufacturing facilities is subject to various factors such as availability of raw materials, power, water, efficient working of machinery and equipment and optimal manufacturing planning. An inability to utilize our manufacturing facility to its full or optimal capacity, non-utilization of such capacities could have an adverse effect on our results of operations, cash flows and financial conditions. For example, we had to stop our manufacturing operations at our ethylene and EDC plants at our Mettur Facility due to an increase in the price of alcohol. The financial impact (contribution loss) of shutdowns on our Company has been ₹ 60.43 million and ₹ 41.53 million in Financial Years 2019 and 2018, respectively. Further, our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to an adverse effect on business, results of operations, cash flows, and financial condition.

Similarly, the financial impact (contribution loss) of shutdowns on CCVL has been ₹ 222.65 million, ₹ 106.61 million and ₹ 32.48 million during the Financial Years 2021, 2020 and 2019, respectively.

**16. *Our manufacturing facilities are concentrated in Tamil Nadu and Puducherry and any adverse developments affecting Tamil Nadu or Puducherry could adversely affect our business, results of operations, cash flows, and financial condition.***

All of our manufacturing facilities are located in Tamil Nadu and Puducherry. In addition, we have leased a salt field from the Government of Tamil Nadu at Vedaranyam, Tamil Nadu from which we have approval to extract up to 400 kt of salt per annum ("**Vedaranyam Salt Field**"). Consequently, any significant social, political or economic disruption, or natural calamities or civil disruptions in Tamil Nadu or Puducherry, or changes in the policies of the state or local governments of Tamil Nadu or Puducherry or the Government of India, may require us to suspend our operations, either temporarily or permanently, incur significant capital expenditure and change our business strategy. The occurrence of, or our inability to effectively respond to any such event, could have an adverse effect on our business, results of operations, cash flows, and financial condition.

**17. *Our Company derives a significant portion of its revenues from the sale of specialty paste PVC resin and any reduction in the demand for specialty paste PVC resin could have an adverse effect on our business, results of operations, cash flows and financial condition.***

Our Company derives a significant portion of our revenues from the sale of specialty paste PVC resin. For the Financial Years 2021, 2020 and 2019, our revenue from sale of paste PVC was ₹ 7,466.71 million, ₹ 6,297.02 million and ₹ 5,541.94 million and the sale of paste PVC accounted for 58% (20% on a consolidated basis), 50% and 44% of our revenue from operations, respectively. However, our Company's revenue from the sale of specialty paste PVC resin may decline as a result of increased competition, regulatory action, litigation, pricing pressures, or fluctuations in the demand for or supply of such products including as a result of companies increasing their production capacities within India or outside India, or the outbreak of an infectious disease such as COVID-19, which may adversely affect our business, results

of operations, cash flows and financial condition.

Similarly, CCVL derives all of its revenue from the sale of suspension PVC resin. For the Financial Years 2021, 2020 and 2019, CCVL's revenue from sale of suspension PVC was ₹ 25,103.85 million, ₹ 18,785.47 million and ₹ 20,515.01 million and the sale of suspension PVC accounted for 100%, 100% and 100% of its revenue from operations, respectively. Any decline in the revenue from sale of suspension PVC resin in the future may adversely affect our business, results of operations, cash flows and financial condition.

On a going forward basis, specialty paste PVC resin and suspension PVC resin will continue to contribute a significant majority of our revenues for CSL and CCVL, respectively.

**18. *Our business and the demand for our products is heavily reliant on the demand from end-user industries and any downturn in the end-user industries could have an adverse impact on our business, results of operations, cash flows and financial condition.***

A significant portion of our revenue is generated from sale of our products to end-user industries such as pharmaceutical, automotive, textile, paper, soap and detergent industries and, consequently, the demand for our products and margin of our products is dependent on and directly affected by factors affecting these industries. Any material downturn in any of the end-user industries that we service, as a result of increased competition, regulatory action, litigation, pricing fluctuation or outbreak of an infectious disease like COVID-19 may impact us. There can be no assurance that the lack of demand from any one of these industries can be off-set by sales to other industries in which our products find application or by successfully introducing new products in these industries.

**19. *Any adverse developments in our relationship with our customers could have an adverse effect on our business, results of operations, cash flows and financial condition.***

We are dependent on a limited number of customers for a significant portion of our revenues. Revenue from our Company's top 10 customers contributed ₹ 14,611.43 million, ₹ 3,840.27 million and ₹ 4,283.52 million and constituted 38%, 30% and 31% of our Company's revenue from operations for Financial Years 2021, 2020 and 2019. Further, for our custom manufacturing operations, we are dependent on limited number of customers for a substantial portion of the revenues. We generated ₹ 1,691.25 million, ₹ 1,219.93 million and ₹ 884.75 million from sale of our products manufacturing as a part of our custom manufacturing operations and it constituted 13% (4% on a consolidated basis), 10% and 7% of our revenue from operations for Financial Years 2021, 2020 and 2019. We cannot assure you that we will be able to significantly reduce customer concentration in the future.

We typically do not have firm commitment in the form of long-term supply agreements with our key customers and instead rely on purchase orders or short term arrangements to govern the volume and other terms governing sale of our products. Consequently, there is no commitment on the part of such customers to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. The fluctuation in demand for our products may either require us to increase production or decrease production and inventories at short notice, which may result in us bearing additional costs and incurring losses. Further, the deterioration of the financial condition or business prospects of these customers could reduce their requirement of our services and their ability to pay us, on a timely basis or at all, which could result in a significant decrease in the revenues we derive from them.

Our contracts impose stringent confidentiality and secrecy obligations on us and typically require us to comply with various international and organizational codes and practices including the ethical code of conduct in relation to bribery, code of conduct for service providers and privacy policies. Our contracts also provide our customers the right to inspect and audit our facilities and processes after providing reasonable notice to us. Committed delivery schedules and pre-agreed pricing structures in such contracts could expose us to risks arising from unavailability of raw materials and fluctuations in raw material prices in the future. We may not be able to adequately adjust our inventory in case of cancellation of orders under such contracts and this could affect our profitability.

Further, some of our customers currently manufacture or may start manufacturing their own starting materials or intermediates and may discontinue the use of our custom manufacturing operations. The loss of our significant customer or a reduction in the amount of business we obtain from such customer could

have an adverse effect on our business, results of operations, cash flows and financial condition.

We derive a portion of our revenues from our custom manufacturing operations and have incurred capital expenditure over the years to grow our operations and set up our manufacturing facility. We typically plan and incur capital expenditure for future periods against purchase orders placed by customers. Our inability to successfully enter into long-term contracts or negotiate more favourable terms for our Company may result in us incurring expenses and making investments without a proportionate increase in our revenues. The occurrence of any such event could adversely affect our business, results of operations, cash flows and financial condition.

Similarly, revenue from CCVL's top 10 customers contributed ₹ 10,748 million and ₹ 11,787 million and constituted 57% and 57% of its revenue from operations for Financial Years 2020 and 2019.

**20. *If we are unable to obtain or maintain regulatory approvals for our manufacturing facilities and products, we may be unable to operate our manufacturing facilities or sell our products, which could adversely affect our business, cash flows and results of operations.***

The import, manufacture, storage, marketing and sale of our products require several regulatory approvals, including but not limited to, the authorizations under PESO, Factories Act, authorization by Tamil Nadu Pollution Control Board, Industrial Entrepreneur's Memorandum and licenses issued under the Drugs and Cosmetics Act, 1940. Regulatory requirements with respect to our products and the products of our customers are subject to change. Any adverse change in the laws governing the manufacturing and storage of our products and their usage by our customers, including the development of licensing requirements and technical standards and specifications or the imposition of onerous requirements, may have an adverse impact on our operations. We may be required to alter our manufacturing process and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. We need to apply for certain approvals, including the renewal of approvals that expire from time to time, in relation to our manufacturing plants, in the ordinary course of our business. For details in relation to pending key approvals and key approvals which have expired but not applied for by our Company and CCVL, see "Government and Other Approvals" on page 452. In addition to the above, approvals which require annual renewal, including, amongst others, trade licenses, fire licenses, license to possess methanol and alcohol, boiler registrations, licenses for running of electric motors, FSSAI licenses; and certain other key approvals, including, amongst others, factory licenses, consent to operate from the relevant State PCB under the Air Act and Water Act, and certain licenses obtained in relation to the import and storage of petroleum will also be required to be renewed in the Financial Years 2021, 2022 or 2023. In the event that we are unable to renew or maintain such statutory permits and approvals or comply with any or all of their applicable terms and conditions, or seek waivers or extensions of time for complying with such terms and conditions, our operations may be interrupted and penalties may be imposed on us by the relevant authorities.

**21. *Non-compliance with increasingly stringent safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, cash flows and financial condition. Further, we may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.***

Our operations generate pollutants and waste, some of which may be hazardous and therefore, we are subject to various laws and government regulations, including in relation to safety, health, environmental protection and labour. These laws and regulations impose controls on air and water discharge, disposal of bio-medical waste, storage, transport, handling, disposal, employee exposure to hazardous substances and other aspects of our manufacturing operations. Improper handling or storage of these materials could result in accidents, injure our personnel, property and damage the environment. We obtain the requisite registrations and approvals from time to time and aim to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other prescribed safety measures. The occurrence of any such event in the future could have an adverse effect on our business, results of operations, cash flows and financial condition.

In addition, environmental laws and regulations in India have increasingly become more stringent. The scope and extent of the new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and prospects. For

example, certain approvals require us to carry out health studies and while we have requested the authorities to waive these conditions, we cannot assure you that such conditions will be waived or that we will not incur increased costs to comply with such conditions. We have also been the subject of show-cause notices received and other actions taken by pollution control boards. See “*Outstanding Litigation and Material Developments – Litigation involving our Company*” on page 440.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, maternity leave, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. If we are unable to remain in compliance with all applicable environmental, health and safety and labour laws, our business, results of operations, cash flows and financial condition may be adversely affected.

**22. *Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.***

Our business depends on our estimate of the long-term demand for our products from our customers. While we maintain a reasonable level of inventory of raw materials, work in progress and finished goods, if we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. Similarly an error in our forecast could also result in surplus stock, which may not be sold in a timely manner or at all. At times when we have overestimated demand, we may have incurred costs to build capacity or purchased more raw materials and manufactured more products than required. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

**23. *We source our raw material from a limited number of suppliers and any delay, interruption or reduction in the supply of raw materials to manufacture our products may adversely affect our business, results of operations, cash flows and financial condition.***

We source our raw material namely, EDC, VCM, ethylene, methanol and coal, from a limited number of third-party suppliers within and outside India, through sourcing partners. We procure other raw material through purchase orders and the terms and conditions on warranties for product quality and return policy are specified in such purchase orders. In addition, we procure raw materials such as ethylene, EDC, VCM, methanol and coal on extended credit. We cannot be certain that we will be able to obtain raw material meeting the specified quality standards on commercially acceptable terms or that our suppliers will perform as expected or that our suppliers will extend credit to us. If our contractual arrangements with such suppliers expire or terminate, or if we fail to (i) receive the quality of raw materials that we require; (ii) negotiate appropriate financial terms; (iii) obtain adequate supply of raw materials in a timely manner, or if our principal suppliers discontinue the supply of such raw materials, or were to experience business disruptions or become insolvent, we cannot assure that you will be able to find alternate sources for the procurement of raw materials in a timely manner or at all. Moreover, in the event that either our demand increases or our suppliers experience a scarcity of resources, our suppliers may be unable to meet our demand for raw materials. Any such reductions or interruptions in the supply of raw materials, and any inability on our part to find alternate sources in a timely manner for the procurement of such raw materials, may have an adverse effect on our ability to manufacture our products in a timely or cost-effective manner. For the Financial Years 2021, 2020 and 2019, our Company’s cost of materials consumed was ₹ 20,657.61 million, ₹ 4,365.24 million and ₹ 4,081.53 million, comprising 60.73%, 38.69% and 39.32% of our Company’s total expenses, respectively, and CCVL’s cost of materials consumed was ₹ 16,532.30 million, ₹ 15,122.07 million and ₹ 16,491.17 million, comprising 76.41%, 77.52% and 85.05% of its total expenses.

Further, if we cannot fully offset increases in the prices of raw materials with the increase in the prices of our products, we will experience lower margins. The occurrence of any such event may adversely affect our business, results of operations, cash flows and financial condition.

In addition, the absence of long-term contracts at fixed prices also exposes us to volatility in the prices of raw materials. Further, several raw materials used in the manufacturing of chemicals are petrochemicals,

which are derived from crude oil. Hence, prices of such raw materials are vulnerable to volatility in global crude oil prices. As a result, we have had instances of inventory write downs in Financial Year 2020 and we cannot assure you that we will not have instances of inventory write-downs in the future.

Further, our dependence on foreign suppliers subject us to a variety of risks and uncertainties. For the Financial Years 2021, 2020 and 2019, our Company imported ₹ 20,318.97 million, ₹ 2,558.68 million and ₹ 3,487.12 million of raw materials, constituting 94%, 64% and 73% of its total raw materials. The political and economic instability in the countries in which the foreign suppliers are located, the financial instability of the suppliers, labour problems experienced by suppliers, disruption in the transportation of the raw materials by the suppliers, including as a result of labour slowdowns, currency exchange rates, transport availability and cost, transport security, inflation and other operational factors relating to the suppliers and the countries in which they are located are beyond our control. Although we have not faced significant disruptions in the procurement of raw materials in the past, we cannot assure you that we will be able to continue to obtain adequate supplies of our raw materials, in a timely manner, in the future.

**24. *A shortage or non-availability of electricity, fuel or water or an increase in fuel prices may adversely affect our manufacturing operations and have an adverse effect on our business, results of operations, cash flows and financial conditions.***

Our manufacturing facilities require a significant amount and continuous supply of electricity, fuel and water. We source electricity and water for our manufacturing facilities from the relevant state departments pursuant to contractual arrangements entered into with them. We also have a coal based captive power plant at our Mettur Facility and two natural gas based captive power plants at our Karaikal Facility. However, we cannot assure you that the captive power plants will be able to generate an adequate supply of electricity. Further, if there are any restrictions on the usage of coal or natural gas by the central or the state governments, such restrictions may adversely impact the supply of electricity required for our operations at the Mettur Facility. Also, if there is any shortage in the supply of natural gas, our natural gas based captive power plants may not be able to generate an adequate supply of electricity.

In addition, some of our raw materials are required to be stored at specific temperatures, supported by continuous supply of electricity. If the supply of electricity, water or fuel is not available for any reason, we will need to rely on alternative sources. Any failure on our part to obtain alternate sources of electricity, fuel or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations, cash flows and financial condition.

**25. *Our operations depend on the availability of timely and cost-efficient transportation and other logistic facilities and any prolonged disruption may adversely affect our business, results of operations, cash flows and financial conditions.***

Our operations depend on the timely transport of raw materials to our manufacturing facilities and of our products to our customers. We use a combination of land and ocean transport and typically rely on third party transportation providers for such purposes, which are subject to various bottlenecks and other hazards beyond our control, including customs, weather, strikes or civil disruptions. For example, we may experience disruption in the transportation of raw materials by ship due to bad weather conditions. The financial impact (contribution loss) of disruption in the transportation of raw materials on us has been ₹ 23.94 million in Financial Year 2018. Any failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have an adverse effect on our business, results of operations, cash flows and financial conditions.

Similarly, the financial impact (contribution loss) of disruption in the transportation of raw materials on CCVL has been ₹ 222.65 million, ₹106.61 million and ₹ 23.15 million for the Financial Years 2021, 2020 and 2019.

**26. *Some of the raw materials that we use as well as our finished products are hazardous, corrosive and flammable and require expert handling and storage. Any accidents may result in loss of property of our Company and/or disruption in the manufacturing processes which may have an adverse effect on our results of operations, cash flows and financial condition.***

Certain of the raw materials that we use as well as our finished goods are corrosive and flammable and require expert handling and storage. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals, leakages, explosion

or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process, transportation, handling or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life and property, damage to our and third-party property and, or, environmental damage, require shutdown of one or more of our manufacturing facilities and expose us to civil or criminal liability. If any such event were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In addition to adversely affecting our reputation, any such accidents, may result in a loss of property of our Company and/or disruption in our manufacturing operations entirely, which may have an adverse effect on our results of operations, cash flows and financial condition.

**27. *We have significant planned capital expenditure, and such expenditure may not yield the benefits we anticipate. If we are unable to raise additional capital, our business, results of operations and financial condition could be adversely affected.***

We expect to incur significant capital expenditure in the coming future. For instance, we are proposing to expand our operations by (i) increasing the annual production capacity of specialty paste PVC resin by 35 kt; (ii) setting up a multipurpose facility for our custom manufacturing operations; and (iii) increasing the annual production capacity of suspension PVC resin by 31 kt by de-bottlenecking the suspension PVC resin plant. We also intend to improve our operational efficiencies in our manufacturing process at the Karaikal Facility by undertaking de-bottlenecking exercises. Our capital expenditure plans are subject to a number of variables, including possible cost overruns; accidents, construction and development delays or defects; construction being affected by adverse weather conditions; satisfactory and timely performance by construction contractors; receipt of any governmental or regulatory approvals and permits; political risk; availability of financing on acceptable terms; and changes in management's views of the desirability of current plans, among others. For example, during the setting up of the hydrogen peroxide plant at our Mettur Facility in Financial Year 2020, we experienced a delay of three months and incurred an additional amount of ₹ 130.00 million over initial estimates. We may also require additional financing in order to expand and upgrade our existing facilities as well as to construct new facilities. However, we cannot assure you that our operations will be able to generate cash flows sufficient to cover such costs. Further, our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as the COVID-19 pandemic, credit availability from banks, investor confidence, the continued success of our operations and laws that are conducive to our raising capital in this manner. Further, financing required for such investments may not be available to us on acceptable terms, or at all, and we may be restricted by the terms and conditions of our existing or future financing agreements. If we decide to raise additional funds through the incurrence of debt, our interest obligations will increase, which could significantly affect financial measures such as our earnings per share. If we decide to raise additional funds through the issuance of equity, your ownership interest in our Company will be diluted.

Further, any inability to obtain sufficient financing could result in the delay, reduction or abandoning of our development and expansion plans. As a result, if adequate capital is not available, there could be an adverse effect on our business and results of operations. The actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, weather-related delays and technological changes.

Consequently, we cannot assure you that any expansion or improvement of our existing manufacturing facility or setting up of multi-purpose facility, will be completed as planned or on schedule, or that we will achieve our increased planned output capacity or operational efficiency. If we experience significant delays in the implementation of our expansion plans or if there are significant cost overruns, the overall benefit of such plans to our revenues and profitability may decline. If the expenditure that we incur does not produce anticipated or desired results, our profitability, cash flows and financial condition will be adversely affected.

**28. *Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facilities included in this Prospectus is based on various assumptions and estimates and our future production and capacity may vary.***

Information relating to the historical installed capacity and estimated capacity utilization of our manufacturing facilities included in this Prospectus is based on various assumptions and estimates of our management and an independent chartered engineer, including assumptions relating to expected

operations, availability of raw materials, expected unit utilization levels, downtime resulting from scheduled maintenance activities, downtime resulting from change in stock keeping units for a particular product, unscheduled breakdowns as well as expected operational efficiencies. Actual production volumes and capacity utilization rates may differ significantly from the estimated production capacities and historical capacity utilization of our manufacturing facilities. For instance, we commissioned the hydrogen peroxide plant in Financial Year 2020 and our actual product volumes and capacity utilization rates may be different from the estimated production capacity. Investors should therefore not place undue reliance on our historical installed capacity information for our existing manufacturing facilities included in this Prospectus.

**29. *CCVL became our wholly owned subsidiary pursuant to the CCVL Acquisition and any failure to realize the anticipated benefits of the CCVL Acquisition or any acquisition, joint venture or partnership that we may undertake in the future, may have an adverse effect on our business, results of operations, cash flows and financial condition.***

CCVL became a wholly owned subsidiary of our Company pursuant to the CCVL Acquisition on March 31, 2021. The success of the CCVL Acquisition or any other acquisition or joint venture that we may undertake in the future will depend, in part, on our ability to realize the anticipated growth opportunities and synergies from combining these businesses. Integrating the business of CCVL or another entity with ours is a task that will require substantial time, expense and effort from our management. If the management's attention is diverted or there are any difficulties associated with integrating these businesses, our results of operations and cash flows could be adversely affected.

Even if we are able to successfully combine the business operations, it may not be possible to realize the full benefits of the integration opportunities, the synergies and other benefits that we currently expect will result from this acquisition, or realize these benefits within the time frame that we currently expect. Further, we may be unable to find suitable companies to acquire, assets to purchase or joint ventures to pursue in the future. Any failure to identify suitable opportunities or to realize the anticipated benefits of any acquisition, joint venture or partnership, in a timely manner, or at all, could have an adverse effect on our business, results of operations, cash flows and financial condition.

Further, SESL, has availed of a term loan of ₹ 12,200 million from HDFC Limited, secured by a pledge of 100% of the share capital of CCVL prior to the CCVL Acquisition. The CCVL Acquisition was approved by HDFC Limited on the condition that the pledge will continue to be held by our Company. The pledge over the share capital of CCVL enables continuation of the term loan availed by SESL, and any default in respect of the repayment of the term loan could result in the invocation of the pledge by HDFC Limited and a consequent disposal of our shareholding in CCVL by HDFC Limited.

In addition to the above, our Company has also invested in compulsory convertible debentures (“CCDs”) issued by CCVL in March 2021 for ₹ 12,553 million. However, since the term loan taken by SESL from HDFC Limited is secured by a pledge over the shareholding of CCVL, if invoked, the pledge could have an impact on our Company's investment in CCVL. For further details in regard to the share capital of CCVL, see “*Our Subsidiary*” on page 170.

**30. *Our inability to respond to changing customer preferences in a timely and effective manner, may have an adverse effect on our business, results of operations, cash flows and financial condition.***

The success of our business depends upon our ability to anticipate and identify changes in the preferences of customers and offer them products that they require, on a timely basis. Although we seek to identify such trends and introduce new products, we cannot assure you that our products would gain consumer acceptance or that we will be able to successfully compete in such new product segments. In order to remain competitive, we must develop, test and manufacture new products, which must meet regulatory standards and receive requisite regulatory approvals.

It is often difficult to estimate the time to successfully introduce new products and there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we fail to successfully introduce new products, our business, results of operations, cash flows and financial condition may be adversely affected.



**31. *CCVL's business is subject to seasonal and cyclical variations that could result in fluctuations in our results of operations.***

Suspension PVC resin sales in India are subject to seasonal variations linked to monsoon. As a result of such seasonal fluctuations, going forward our consolidated sales and results of operations may vary by financial quarter and may not be relied upon as indicators of the sales or results of operations of other financial quarters, or of our future performance.

**32. *We are susceptible to potential product liability claims that may not be covered by insurance, which may require substantial expenditure and may adversely affect our reputation and if successful, could require us to pay substantial sums.***

We have to be compliant with regulatory as well as typical customer specific requirements and all our products and manufacturing processes are subject to stringent quality standards and specifications. Our business inherently exposes us to potential product liability claims, and the severity and timing of such claims are unpredictable. While our products are extensively researched before being commercialized and we obtain and maintain quality certifications and accreditations from independent certification entities and also comply with prescribed specifications and standards of quality approved by the Government in connection with the products we manufacture, if we fail to comply with the applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, in a timely manner or at all, it may give rise to product liability claims. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling, which may lead to the deterioration of our products, or from defects arising from deterioration in our quality controls. For example, although we extensively test our raw material EDC and VCM, there could still be some deviation from prescribed quality standards due to factors such as human error. Further, certain of our other raw material such as ethylene and VCM are required to be stored and handled carefully and under certain safety conditions. Product liability claims, regardless of their merits or the ultimate success of the defense against them, are expensive. Even unsuccessful product liability claims would likely require us to incur substantial amounts on litigation, divert our management's time, adversely affect our goodwill and impair the marketability of our products. Although we have obtained product liability coverage, if any product liability claim sustained against exceeds the policy limits, it could harm our business and financial condition. In addition, insurance coverage for product liability may become prohibitively expensive in the future. As a result, it is possible that, in the future, we may not be able to obtain the type and amount of coverage we desire at an acceptable price and self-insurance may become the sole commercially reasonable means available for managing the product liability risks of our business. We may also experience a product recall. Any product recall, product liability claim or adverse regulatory action may adversely affect our reputation, business, results of operations and financial condition.

**33. *Failure to maintain confidential information of our customers could adversely affect our results of operations and, or, damage our reputation.***

We enter into confidentiality agreements and non-disclosure agreements with our customers for whom we undertake custom manufacturing. As per these agreements, we are required to keep confidential, the know-how and technical specifications provided to us by these customers. In the event of any breach or alleged breach of our confidentiality agreements with our customers by us or our employees, these customers may terminate their engagements with us and/or initiate litigation for breach of contract, seeking damages and compensation from us. Assertions of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have an adverse effect on our business, financial condition and results of operations. Even if such assertions against us are unsuccessful, they may cause us to incur reputational harm and substantial cost.

**34. *We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations.***

As at March 31, 2021, we had 1,186 employees, in addition to contractual labour. We also have unionized labour at our Mettur Facility and at the Vedaranyam Salt Field. The success of our operations depends on availability of labour and maintaining good relationship with our workforce. We cannot assure you that our relations with our employees shall remain cordial at all times and that employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labour disruption may adversely affect our manufacturing operations either by increasing our cost of production or halt a portion

or all of our production. For example, our employees at our Mettur Facility went on strike in 2018 due to a labour dispute. As a result, we had to temporarily halt our production at the specialty paste PVC resin plant at the Mettur Facility for few days. Such events may adversely affect our business, results of operation and financial performance.

The financial impact due to strikes or lockdowns on our Company has been ₹ 60.43 million in Financial Year 2019 and nil in Financial Years 2020 and 2021, respectively. Similarly, there has been no financial impact due to the strikes or lockdowns on the operations of CCVL for the Financial Years 2019, 2020 and 2021.

**35. *Our insurance coverage may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.***

Our operations are subject to hazards inherent in chemical manufacturing facilities. Our principal types of coverage include industrial all risk policy, fire insurance policy, burglary policy, port policy, public liability policy, property policy, marine insurance policy, terrorism policy, special contingency policy commercial general liability insurance and group insurance. We could be held liable for accidents that occur at our manufacturing facilities or otherwise arising out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Further, we do not have a director's and officer's liability insurance policy. As of March 31, 2021, we carried insurance which was 155% of the assets of our Company. While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, to the extent that we suffer loss or damage, for which we have not obtained or maintained insurance, or which is not covered by insurance, which exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations and financial condition could be adversely affected. In addition, our insurance coverage expires from time to time and we may not be able to renew our policies in a timely manner, or at acceptable cost.

**36. *Changes in technology may render our current technologies obsolete or require us to incur substantial capital expenditure.***

Our industry rapidly changes due to technological advances and scientific discoveries. These changes result in the frequent introduction of new products and significant price competition. Although we strive to keep our technology, facilities and machinery current with the latest international standards, the technologies, facilities and machinery we currently employ may become less competitive or even obsolete due to advancement in technology or changes in market demand, which may require us to incur substantial capital expenditure. If we cannot make enhancements to our technology to remain competitive, for any reason, our competitive position, and in turn our business, results of operations and financial condition may be adversely affected.

**37. *Significant disruptions of information technology systems or breaches of data security could adversely affect our business.***

We depend upon information technology systems and third party software, including internet-based systems, for our business operations, and these systems facilitate the flow of real-time information across departments and allows us to make information driven decisions and manage performance. The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. Any such disruption may result in the loss of key information and disrupt our operations. In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others. Although we have not experienced any significant disruptions to, or security breaches of, our information technology systems, we cannot assure you that we will not encounter such disruptions in the future and any such disruptions or security breaches could have an adverse effect on our business and reputation.

**38. *Our management team are critical to our continued success and the loss of such personnel could adversely affect our business.***

Our success significantly depends upon the continued service of our management team who we believe

are necessary to successfully lead the development of our business. Our ability to retain and attract qualified individuals is critical to our success. These executives possess technical and business capabilities that may be difficult to replace. Competition for individuals with specialized knowledge and experience is intense in our industry. Further, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management personnel. If we are unable to retain or attract such members or are unable to locate suitable or qualified replacements, our results of operations may be adversely affected.

**39. *We engage contract labour for carrying out certain non-core functions of the business operations.***

We engage independent contractors through whom we engage contract labour for performance of certain non-core functions at our manufacturing units as well as at our offices, such as security. As of March 31, 2021, we had 2,032 contract labourers, constituting 63% of our total employees. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial condition.

**40. *If we are unable to raise additional capital, our business, results of operations and financial condition could be adversely affected.***

We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand, cash flow from operations and our non-fund based working capital limits to be adequate to fund our existing commitments, our ability to incur any future borrowings, including non-fund based limits, is dependent upon the success of our operations. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as the COVID-19 pandemic, credit availability from banks, investor confidence, the continued success of our operations and laws that are conducive to our raising capital in this manner. Any unfavourable change to terms of borrowings may adversely affect our ability to import raw materials and our cash flows, results of operations and financial conditions. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants and may have to grant security interests over certain of our assets. If we are unable to raise adequate capital, including through non fund based limits, in a timely manner and on acceptable terms, or at all, our business, results of operations and financial condition could be adversely affected.

**41. *The success of our business and operations are dependent upon certain quality accreditations which are valid for a limited time period. An inability to renew such accreditations in a timely manner, or at all, may adversely affect our business and prospects.***

Our manufacturing facilities are certified to ISO 14001:2015, ISO 9001: 2015 and ISO 45001:2018 standards and Responsible Care certifications, to the extent required. For further details, see “*Our Business – Quality Control and Process Safety*” on page 152. Receipt of certifications and accreditations under the standards of quality is important for the success and wide acceptability of our products. If we fail to comply with the requirements for applicable quality standards, or if we are otherwise unable to obtain or renew such quality accreditations in the future, in a timely manner, or at all, our business and prospects may be adversely affected.

**42. *Land title in India can be uncertain and we may not be able to identify or correct defects or irregularities in title to the land which we own, lease or intend to acquire in connection with the development of our manufacturing plants.***

There is no central title registry for real estate in India and the documentation of land records in India has not been fully computerized. Property records in India are generally maintained at the state and district level and in local languages, and are updated manually through physical records. Therefore, property records may not be available online for inspection or updated in a timely manner, may be illegible, untraceable, incomplete or inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or our ability to rely on such property records. In addition, there may be a discrepancy between the duration of the principal lease under different orders issued by state governments in respect of a particular parcel of revenue land.

The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. The original title to lands may often be fragmented and the land may have multiple owners. In addition, title insurance is not commercially available in India to guarantee title or development rights in respect of land. The absence of title insurance, coupled with the difficulties in verifying title to land, may increase our exposure to third party claims to the property. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance deeds and inadequate stamping, and may be subjected to encumbrances that we are unaware of. Further, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. As a result, potential disputes or claims over title to the land on which our manufacturing plants are or will be situated may arise. For further details for disputes relating to land titles, see “*Outstanding Litigation and Material Developments*” on page 440.

**43. *Our Promoter may be interested in our Company to the extent of Equity Shares held by it.***

Our Promoter may be interested in our Company to the extent of the Equity Shares held by it in our Company, and any dividends or other distributions on such Equity Shares. For details of shareholding of our Promoter in our Company, see “*Capital Structure – Details of Shareholding of our Promoter, members of the Promoter Group and directors of our Promoter in our Company*” on page 82. Further, our Promoter may be interested to the extent of the use of the tradename ‘S Sanmar’ and trade mark “



”, by our Company. For further details, see “*History and Certain Corporate Matters – Other agreements*” on page 167. Our Company has also entered into certain business transactions with our Promoter. For details on our related party transactions, see “*Related Party Transactions*” on page 397. We cannot assure you that our Promoter will exercise its right as a shareholder to the benefit and best interest of our Company.

**44. *Our Promoter will be able to exercise significant influence and control over our Company after this Offer and may have interests that are different from those of our other shareholders.***

As on the date of this Prospectus, our Promoter holds 132,480,000 Equity Shares (including the Equity Shares held by nominee shareholders), representing 98.81% of the issued, subscribed and paid-up equity share capital of our Company. By virtue of its shareholding, our Promoter will have the ability to exercise significant influence over our Company and our affairs and business, including the election of our Directors, the timing and payment of dividends, the adoption of and amendments to our Memorandum and Articles of Association, the approval of a merger, amalgamation or sale of our assets and the approval of most other actions requiring the approval of our Shareholders. The interests of our Promoter may be different from or conflict with the interests of our other Shareholders and their influence may result in change of management or control of our Company, even if such a transaction may not be beneficial to our other shareholders.

**45. *Our Promoter has given corporate guarantees and our Promoter Group Selling Shareholder, along with our Promoter, has provided letters of comfort for the borrowings and supplier's credit availed by TCI Sanmar Chemicals S.A.E.***

Our Promoter has given corporate guarantees and our Promoter Group Selling Shareholder, along with our Promoter, has provided letters of comfort for the borrowings and supplier's credit availed by one of our Group Companies, TCI Sanmar Chemicals S.A.E. TCI Sanmar Chemicals S.A.E has made losses for the Financial Years 2021, 2020 and 2019. Our Promoter has given corporate guarantee for USD 1,219.84 million, and the promoter and promoter group selling shareholders have jointly given letter of comfort for USD 740.22 million. For further details in relation to the corporate guarantees and letters of comfort, see “*Group Companies – Details of Group Companies*” on page 191. If the corporate guarantees and letters of comfort are enforced, it may adversely affect the financial position of our Promoter and the Promoter Group Selling Shareholder and consequently, have an impact on the management of our Company.

**46. *Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements.***

Our ability to pay dividends depends on our earnings, financial condition, cash flows, capital

requirements, applicable Indian legal restrictions and other factors. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We may, in the future, be restricted by the terms of our loan agreements, from making any dividend payments, unless otherwise agreed upon by our lenders. We cannot assure you that we will be able to pay dividends in the future. For further details on our dividend policy, see “*Dividend Policy*” on page 198.

Additionally, the Finance Act, 2020 (“**Finance Act**”) provides, amongst other things, a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax (“**DDT**”), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely to be subject to tax deduction at source. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has announced the union budget for Financial Year 2022, pursuant to which the Finance Bill, 2021 (“**Finance Bill**”), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. We have not fully determined the impact of these recent and proposed laws and regulations on our business.

**47. *If we are unable to manage our growth strategy effectively, our business and prospects may be adversely affected.***

The primary elements of our business strategy are to continue to expand our production capacities, focus on developing and improving our product portfolio and improve our financial performance through focus on operational efficiencies. However, our growth strategies may strain our managerial, operational, financial and other resources. If we are unable to manage our growth strategy effectively, our business, results of operations, cash flows, and financial condition may be adversely affected.

**48. *We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under Ind AS.***

This Prospectus includes our EBITDA, EBITDA Margin, Net Worth, Net Asset Value, Net Asset Value per Equity Share, Net Tangible Assets, Operating Profit, Return on Net Worth, Total Borrowings and Total Non-Current Borrowings/Total Equity (collectively “**Non-GAAP Measures**”), which are supplemental measures of our performance and liquidity and are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP.

Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. In addition, such non GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company’s operating performance.

**49. *Any variation in the utilization of the Net Proceeds as disclosed in this Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.***

We propose to utilize the Net Proceeds towards funding the early redemption of NCDs issued by our Company, in full. For further details of the proposed objects of the Offer, see “*Objects of the Offer*” beginning on page 89. However, these objects of the Offer have not been appraised by any bank, financial institution or other independent agency. Further, we cannot determine with any certainty if we would

require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of the competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Prospectus without obtaining the approval of shareholders of our Company through a special resolution. In the event of any such circumstances that require us to vary the disclosed utilization of the Net Proceeds, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations. Further, our Promoter or controlling shareholders, if applicable, would be required to provide an exit opportunity to the shareholders of our Company who do not agree with our proposal to modify the objects of the Offer, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoter or controlling shareholders, if applicable, to provide an exit opportunity to such dissenting shareholders of our Company may deter the Promoter or controlling shareholders from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoter or the controlling shareholders of our Company if applicable, will have adequate resources at their disposal at all times to enable them to provide an exit opportunity. In light of these factors, we may not be able to vary the objects of the Offer to use any unutilized proceeds of the Fresh Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

**50. *Our Company will not receive any proceeds from the Offer for Sale. The Selling Shareholders are selling Equity Shares in the Offer for Sale and will receive proceeds as part of the Offer for Sale.***

The Offer includes an Offer for Sale of Equity Shares by the Selling Shareholders. The proceeds from the Offer for Sale will be paid to the Selling Shareholders, in proportion to their respective portion of the Offered Shares transferred by each of them in the Offer for Sale, and we will not receive any such proceeds. For further details, see “*Objects of the Offer*” and “*Capital Structure*” beginning on pages 89 and 76, respectively.

## **EXTERNAL RISK FACTORS**

### ***Risks Related to India***

**51. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Further, the following illustrative external risks may have an adverse impact on our business and results of operations, should any of them materialize:

- increase in interest rates may adversely affect our access to capital and increase our borrowing costs, which may constrain our ability to grow our business and operate profitably;
- political instability, resulting from a change in governmental or economic and fiscal policies, may adversely affect economic conditions in India. In recent years, India has implemented various economic and political reforms. Reforms in relation to land acquisition policies and trade barriers have led to increased incidents of social unrest in India over which we have no control;
- instability in other countries and adverse changes in geopolitical situations;
- civil unrest, local agitation, acts of violence, terrorist attacks, regional conflicts or situations or war;
- India has experienced epidemics, and natural calamities such as earthquakes, tsunamis, floods, and drought in recent years; and
- contagious diseases such as the COVID-19 pandemic, the highly pathogenic H7N9, H5N1 and H1N1

strains of influenza in birds and swine. A worsening of the current COVID-19 pandemic or any similar future outbreaks of COVID-19, avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the overall performance of the Indian economy as well as the economies of the regional markets in which we operate.

**52. *A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our borrowing costs depend significantly on the credit ratings of India. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB with a "negative" outlook (Fitch) in June 2020; and from BBB "stable" to BBB "negative" by DBRS in May 2020. India's sovereign ratings from S&P is BBB- with a "stable" outlook. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. Such events may adversely affect our business and results of operations as well as the trading price of the Equity Shares.

**53. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations and prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- the Government of India ratified the Montreal Protocol on Substances that Deplete the Ozone Layer in 1992, and intends to phase out hydrochlorofluorocarbons in a phased manner. These provisions are applicable to our Company, and we have to phase out the manufacturing of refrigerant gas by 2030. This may have an adverse impact on our business, results of operation and financial condition;
- the GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. Given the recent implementation of GAAR, there can be no assurances as to the manner in which this tax regime will be implemented, which could create uncertainty.
- the Government of India has implemented a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure. In this regard, the Constitution (One hundred and first Amendment) Act, 2016 enables the Government of India and state governments to introduce GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including with regard to labour, foreign investment, stamp duty, customs duty and anti-dumping duty governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our businesses in the future.

**54. *Investors may not be able to enforce a judgment of a foreign court against our Company outside India.***

Our Company is incorporated under the laws of India. Our Company's assets are located in India and a majority of our Company's Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, Hong Kong and United Arab Emirates. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore, Hong Kong and United Arab Emirates have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages on the same basis and to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice or public policy. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

**55. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.***

Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the pricing and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in



interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. As provided in the foreign exchange controls currently in effect in India, the RBI has provided that the price at which the Equity Shares are transferred be calculated in accordance with internationally accepted pricing methodology for the valuation of shares at an arm's length basis, and a higher (or lower, as applicable) price per share may not be permitted. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular term or at all. For further details, see "Restrictions on Foreign Ownership of Indian Securities" on page 500.

**56. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.**

The Restated Consolidated Summary Statements included in this Prospectus have been derived from audited consolidated financial statements and restated in accordance with SEBI ICDR Regulations and Guidance Note on Report in Company Prospectuses (Revised), issued by the Institute of Chartered Accountants in India. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Restated Consolidated Summary Statements, which are restated as per the SEBI ICDR Regulations included in this Prospectus, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should be limited accordingly.

**57. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.**

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be similar to the shareholders' rights under the laws of other countries or jurisdictions.

**Risks Related to the Offer**

**58. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.**

The Offer Price of the Equity Shares has been determined by our Company and the Selling Shareholders in consultation with the GCRLMs and the BRLMs, and through the Book Building Process. This price is based on numerous factors, as described under "Basis for Offer Price" on page 96 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

**59. After the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.**

An active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares has been determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the

Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

**60. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

**61. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, including through exercise of employee stock options may dilute your shareholding in our Company, and adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter or Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in “*Capital Structure*” on page 76, we cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future. 34,860,800 Equity Shares aggregating to 26% of the total pre-Offer share capital of our Company, held by our Promoter were pledged in favour of IDBI Trusteeship Services Limited to secure the NCDs, pursuant to the unattested deed of pledge dated December 20, 2019 entered between our Promoter, our Company and IDBI Trusteeship Services Limited (“**Pledge Deed**”). However, only in order to facilitate this Offer, IDBI Trusteeship Services Limited agreed to release the pledge over 34,860,800 Equity Shares. Accordingly, as on the date of this Prospectus, none of the Equity Shares held by our Promoters or Promoter Group are pledged. A non-disposal undertaking dated December 20, 2019 entered between our Company, our Promoter and IDBI Trusteeship Services Limited, has been executed in this regard, wherein our Promoter has agreed not to transfer or encumber the aforesaid Equity Shares. In case of any default by our Company, IDBI Trusteeship Services Limited may invoke the pledge. Accordingly, we cannot assure you that our Promoters and Promoter Group will not dispose of (including pursuant to the invocation of the pledge), pledge or encumber their Equity Shares in the future.

**62. *Holder of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

A public company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offer document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

**63. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Investors are not permitted to withdraw their Bids after Bid/Offer Closing Date.**

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. RIBs could revise or withdraw their Bids during the Bid/Offer Period. While our Company is required to complete Allotment pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

## SECTION III – INTRODUCTION

### THE OFFER

The following table summarizes details of the Offer:

<b>Offer of Equity Shares<sup>(1)</sup></b>	71,164,509* Equity Shares, aggregating to ₹ 38,500 million
<i>of which:</i>	
<b>Fresh Issue<sup>(1)</sup></b>	24,029,574* Equity Shares, aggregating to ₹ 13,000 million
<b>Offer for Sale<sup>(2)</sup></b>	47,134,935* Equity Shares, aggregating to ₹ 25,500 million by the Selling Shareholders comprising an offer for sale of to 45,534,935* Equity Shares aggregating to ₹ 24,634.40 million by the Promoter Selling Shareholder, and to 1,600,000* Equity Shares aggregating to ₹865.60 million by the Promoter Group Selling Shareholder
<b>The Offer comprises of:</b>	
<b>A) QIB Portion<sup>(3)(4)</sup></b>	Not less than 53,373,383* Equity Shares
<i>of which:</i>	
(i) <b>Anchor Investor Portion</b>	32,024,029* Equity Shares
(ii) <b>Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)</b>	21,349,354 Equity Shares
<i>of which:</i>	
(a) <b>Available for allocation to Mutual Funds only (5% of the Net QIB Portion)</b>	1,067,468* Equity Shares
(b) <b>Balance for all QIBs including Mutual Funds</b>	20,281,886* Equity Shares
<b>B) Non-Institutional Portion</b>	Not more than 10,674,676* Equity Shares
<b>C) Retail Portion<sup>(5)</sup></b>	Not more than 7,116,450* Equity Shares
<b>Pre and post-Offer Equity Shares</b>	
<b>Equity Shares outstanding prior to the Offer</b>	134,080,000 Equity Shares
<b>Equity Shares outstanding after the Offer</b>	158,109,574* Equity Shares
<b>Use of Net Proceeds</b>	See “ <i>Objects of the Offer</i> ” on page 89 for information on the use of proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

\*Subject to finalization of Basis of Allotment

- (1) The Offer has been authorized by a resolution of our Board dated April 15, 2021, as amended by a resolution of our IPO Committee dated July 29, 2021, and by a resolution of our Shareholders dated April 27, 2021.
- (2) The Equity Shares offered by the Selling Shareholders are eligible for being offered for sale as part of the Offer in terms of the SEBI ICDR Regulations. Each of the Selling Shareholders have, severally and not jointly, approved the transfer of their respective portion of the Offered Shares, pursuant to the Offer for Sale, as set out below:

Name of Selling Shareholder	Date of consent letter	Date of board resolution	Maximum amount of Offered Shares
Promoter Selling Shareholder	April 5, 2021 and July 28, 2021	April 5, 2021 and July 28, 2021	Up to 45,534,935 Equity Shares aggregating up to ₹ 24,634.40 million
Promoter Group Selling Shareholder	April 5, 2021 and July 28, 2021	April 5, 2021 and July 28, 2021	Up to 1,600,000 Equity Shares aggregating up to ₹ 865.60 million

- (3) Our Company and the Selling Shareholders may, in consultation with the GCBRLMs and BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see

*“Offer Procedure” on page 483.*

- (4) Subject to valid Bids having been received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, was allowed to be met with spill-over from any other category or combination of categories, as applicable, at the discretion of our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs and the Designated Stock Exchange, subject to applicable law. Under-subscription, if any, in the Net QIB portion was not allowed to be met with spill over from other categories or a combination of categories;*
- (5) Allocation to Bidders in all categories, except Anchor Investors, if any and Retail Individual Investors, has been made on a proportionate basis subject to valid Bids having been received at or above the Offer Price. The allocation to each Retail Individual Investor has not been less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors has been made on a discretionary basis. For further details, see “Offer Procedure” on page 483.*

For further details, including in relation to grounds for rejection of Bids, refer to *“Offer Structure”* and *“Offer Procedure”* on pages 480 and 483, respectively. For further details of the terms of the Offer, see *“Terms of the Offer”* on page 474.

**SUMMARY OF FINANCIAL INFORMATION**

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**Chemplast Sanmar Limited**
**Restated consolidated summary statement of profit and loss**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue</b>			
Revenue from operations	37,987.26	12,576.57	12,543.39
Other income	163.82	78.53	124.35
<b>Total Income</b>	<b>38,151.08</b>	<b>12,655.10</b>	<b>12,667.74</b>
<b>Expenses</b>			
Cost of materials consumed	20,657.61	4,365.24	4,081.53
Purchase of traded goods	310.78	-	-
Changes in inventories of finished goods, traded goods and work-in-progress	262.83	(151.48)	(80.07)
Employees' benefit expense	1,135.83	828.06	777.96
Other expenses	6,005.59	4,411.54	4,553.60
Depreciation expense	1,309.83	873.61	563.76
Finance costs	4,333.62	954.57	482.75
<b>Total Expenses</b>	<b>34,016.09</b>	<b>11,281.54</b>	<b>10,379.53</b>
Restated Profit before tax, exceptional items and share of Restated Profit / (Loss) from Joint Venture and associate	<b>4,134.99</b>	<b>1,373.56</b>	<b>2,288.21</b>
Share of Restated Profit / (Loss) from Joint Venture and Associate	(3,315.91)	(656.54)	(354.22)
Profit on sale/redemption of investments in Joint Venture and Associate	4,809.67	-	-
<b>Restated Profit before tax and exceptional items</b>	<b>5,628.75</b>	<b>717.02</b>	<b>1,933.99</b>
Exceptional items	(156.84)	-	-
<b>Restated Profit before tax</b>	<b>5,471.91</b>	<b>717.02</b>	<b>1,933.99</b>
<b>Tax expense:</b>			
Current Tax	(811.70)	(298.81)	(521.99)
Income Tax relating to earlier years	35.14	(1.12)	2.83
Deferred Tax	(592.91)	44.16	(230.19)
<b>Restated Profit after tax</b>	<b>4,102.44</b>	<b>461.25</b>	<b>1,184.64</b>
<b>Restated consolidated summary statement of other comprehensive income (OCI)</b>			
Items that will not be reclassified to Profit or Loss in subsequent years			
- Remeasurement of Defined Benefit Plans	6.81	(11.56)	5.61
- Revaluation of property, plant and equipment	-	-	14,943.76
- Share of OCI from Joint Venture	-	(25.05)	-
- Profit / (Loss) on sale/redemption of investments in Joint Venture	(104.93)	-	-
- Deferred tax on the above items	34.45	12.79	(4,063.12)
- Adjustment of deferred tax liability relating to assets revalued due to change in tax rates	29.82	-	-
Items that may be reclassified to profit or loss in subsequent years			
- Share of OCI from Joint Venture and Associate	(267.60)	99.77	48.24
- Deferred tax on the above items	79.16	(34.87)	(16.86)
<b>Restated Total Other Comprehensive Income</b>	<b>(222.29)</b>	<b>41.08</b>	<b>10,917.63</b>
<b>Restated Total Comprehensive Income</b>	<b>3,880.15</b>	<b>502.33</b>	<b>12,102.27</b>
<b>Restated Basic and Diluted Earnings per share (equity shares, par value Rs 5/- each)</b>	<b>30.60</b>	<b>2.04</b>	<b>4.53</b>

**Chemplast Sanmar Limited**  
**Restated consolidated summary statement of assets and liabilities**  
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	31,325.75	21,563.20	20,871.10
Capital work-in-progress	250.81	83.76	1,172.35
Right-of-use assets	149.16	179.00	208.84
Investments in Joint Venture and Associate	-	14,574.95	-
Financial Assets			
(i) Investments	0.44	0.44	0.44
(ii) Other Financial Assets	242.88	151.79	163.34
Other non-current assets	101.51	77.59	63.10
Non-Current tax assets	43.31	18.24	182.05
	<b>32,113.86</b>	<b>36,648.97</b>	<b>22,661.22</b>
<b>Current assets</b>			
Inventories	4,070.90	1,818.29	2,003.22
Investments in Joint Venture	-	-	11,587.48
Financial Assets			
(i) Trade Receivables	739.27	481.95	668.99
(ii) Cash and cash equivalents	3,034.88	753.45	488.47
(iii) Derivative Assets	-	74.45	-
(iv) Other Bank balances	3,477.70	373.69	33.96
(v) Other Financial Assets	892.23	808.29	288.93
Other current assets	333.18	116.31	283.36
	<b>12,548.16</b>	<b>4,426.43</b>	<b>15,354.41</b>
Assets classified as held for sale	198.91	-	-
	<b>12,747.07</b>	<b>4,426.43</b>	<b>15,354.41</b>
<b>Total assets</b>	<b>44,860.93</b>	<b>41,075.40</b>	<b>38,015.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	670.40	670.40	670.40
Instruments entirely equity in nature	343.20	-	6,375.00
Other Equity	(4,511.28)	18,454.77	17,952.44
Total Equity	<b>(3,497.68)</b>	<b>19,125.17</b>	<b>24,997.84</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
(i) Borrowings	20,245.49	12,066.76	393.45
(ii) Other Financial Liabilities	758.79	704.69	784.82
Deferred Tax Liabilities (Net)	7,198.54	4,845.26	4,867.34
Other non-current liabilities	173.63	55.67	51.64
	<b>28,376.45</b>	<b>17,672.38</b>	<b>6,097.25</b>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	-	477.38	1,533.81
(ii) Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises	67.69	21.97	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16,493.77	2,137.58	2,197.32
(iii) Derivative liabilities	156.50	-	121.27
(iv) Other financial liabilities	2,469.30	1,191.35	1,504.62
Other current liabilities	402.11	228.04	1,091.60
Current Tax Liabilities	392.79	221.53	471.92
	<b>19,982.16</b>	<b>4,277.85</b>	<b>6,920.54</b>
Total liabilities	<b>48,358.61</b>	<b>21,950.23</b>	<b>13,017.79</b>
<b>Total equity and liabilities</b>	<b>44,860.93</b>	<b>41,075.40</b>	<b>38,015.63</b>



**Chemplast Sanmar Limited**
**Restated consolidated summary statement of cash flows**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>RESTATED PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	5,628.75	717.02	1,933.99
Adjustments for:			
Depreciation	1,309.83	873.61	563.76
Interest and finance charges	4,333.62	954.57	482.75
(Profit) / Loss on sale of Property, Plant & Equipment (net)	2.74	4.51	(0.92)
Provision no longer required written back	(29.16)	(12.87)	(4.20)
Fair value change in Investment	6.00	-	-
Distribution of profit received from partnership firm	-	(17.23)	(92.58)
Interest Income	(123.12)	(16.19)	(4.41)
Difference in fair value of derivative instruments	686.40	(195.71)	127.76
Unrealised (gain) / loss of foreign exchange transactions (net)	730.87	202.36	(75.79)
Share of (Profit) / Loss from Associate and Joint Venture	3,315.91	656.54	354.22
Profit on sale/redemption of investments in Joint Venture and Associate	(4,809.67)	-	-
Amortization of government grant	(5.81)	-	-
Exceptional Item	(156.84)	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>10,889.52</b>	<b>3,166.61</b>	<b>3,284.58</b>
Adjustments for changes in:			
Trade and other receivables	(391.37)	(154.72)	(71.86)
Inventories	(872.40)	184.93	(634.37)
Trade and other payables	1,743.60	(1,149.69)	315.49
<b>CASH GENERATED FROM OPERATIONS</b>	<b>11369.35</b>	<b>2047.13</b>	<b>2893.84</b>
Income taxes paid (net)	(605.45)	(386.51)	(551.72)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>10,763.90</b>	<b>1660.62</b>	<b>2342.12</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Redemption of investments / (investments made) in Joint Venture (net)	10,734.63	1,252.66	(2,610.62)
Redemption of investments / (investments made) compulsorily convertible preference shares in associate	16,821.95	(4,821.95)	-
Purchase of Property, Plant & Equipment	(553.93)	(503.51)	(600.22)
Margin Deposits (placed with)/withdrawn from banks (net)	(2,600.71)	(339.73)	4.03
Distribution of profit received from partnership firm	-	17.23	92.58
Interest received	108.58	16.92	4.41
Investments made in equity shares of subsidiary	(3,003.45)	-	-
Proceeds from sale of Property, Plant & Equipment	8.80	1.66	0.92
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>21,515.87</b>	<b>(4376.72)</b>	<b>(3108.90)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from non-convertible debentures	-	12,700.00	-
Proceeds from Long term borrowings	2,000.00	-	-
Repayment of long-term borrowings / non-convertible debentures	(2,544.30)	(991.92)	(581.01)
Proceeds / (Repayment) from short-term borrowings (net)	(1,127.49)	(1,085.55)	1,041.31
Redemption of instruments entirely equity in nature consequent to change in terms	(24,553.35)	(6,375.00)	-
Payment of lease liability	(45.60)	(44.98)	(21.96)
Interest and finance charges paid	(3,895.81)	(1,221.47)	(471.35)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(30,166.55)</b>	<b>2981.08</b>	<b>(33.01)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,113.22</b>	<b>264.98</b>	<b>(799.79)</b>
Cash and cash equivalents at the beginning of the year	753.45	488.47	1,532.35
Cash and cash equivalents taken over/ (transferred) pursuant to scheme of arrangement (net)	-	-	(244.09)
Cash and cash equivalents taken over pursuant to acquisition of subsidiary	168.21	-	-
Cash and cash equivalents at the end of the year	<b>3034.88</b>	<b>753.45</b>	<b>488.47</b>

## GENERAL INFORMATION

Our Company was originally incorporated on March 13, 1985 as Urethanes India Limited (“**UIL**”) under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated March 13, 1985 issued by the RoC and commenced operations pursuant to a certificate for commencement of business dated April 2, 1985, issued by the RoC. Subsequently, Chemicals and Plastics India Limited (“**CPIL**”), was amalgamated with UIL pursuant to the CPIL Scheme of Amalgamation effective October 1, 1991. Thereafter, pursuant to the CPIL Scheme of Amalgamation, a resolution of our Board dated March 10, 1992, and a resolution of our Shareholders dated March 31, 1992, our name was changed from “Urethanes India Limited” to “Chemicals and Plastics India Limited” and a fresh certificate of incorporation was issued upon a change of name by the RoC on May 15, 1992. Subsequently, pursuant to a resolution of our Board dated June 27, 1995 and a resolution of our Shareholders dated September 1, 1995, our name was changed from “Chemicals and Plastics India Limited” to “Chemplast Sanmar Limited” and a fresh certificate of incorporation was issued upon a change of name by the RoC on September 28, 1995. For further details in relation to change in name and Registered Office of our Company, see “*History and Certain Corporate Matters*” on page 162.

### Registered and Corporate Office

#### Chemplast Sanmar Limited

9, Cathedral Road,

Chennai - 600086,

Tamil Nadu, India

**Tel:** + (91) 44 2812 8500

**Fax:** + (91) 44 2811 2627

**E-mail:** grd@sanmargroup.com

**Website:** www.chemplastsanmar.com

### Corporate identity number and registration number

Corporate Identity Number: U24230TN1985PLC011637

Registration Number: 011637

### Address of the RoC

Our Company is registered with the Registrar of Companies situated at the following address:

#### Registrar of Companies

Tamil Nadu I, Chennai

"Shastri Bhavan",

II Floor, 26,

Haddows Road, Chennai - 600 006,

Tamil Nadu, India

### Our Board

Our Board comprises the following Directors as on the date of filing of this Prospectus:

Name	Designation	DIN	Address
Vijay Sankar	Chairman and Non – executive Director	00007875	194, T T K Road, Chennai 600018, Tamil Nadu
Ramkumar Shankar	Managing Director	00018391	G – 10, B – Block, Jains Saagarika Satyadev Avenue, MRC Nagar, Chennai – 600028, Tamil Nadu
Chandran Ratnaswami	Non – executive Director	00109215	177 Mckee Avenue, Ontario, M2N4C6 Toronto, Canada
Amarnath Ananthanarayanan	Non – executive Director	02928105	2C, Green Edge, Old No. 12, New No. 21, Masilamani Road, Royapettah, Chennai – 600 014, Tamil Nadu
Dr. Lakshmi Vijayakumar	Independent Director	09115998	No. 25 Ranjit Road, Kotturpuram S.O., Chennai 600 085, Tamil Nadu
Aditya Jain	Independent Director	00835144	F - 63, Radhe Mohan Drive, Gadaipur Bund Road, Mehrauli, New Delhi, 110074
Sanjay Vijay Bhandarkar	Independent Director	01260274	33, Moonreach CHS, Prabha Nagar, Prabhadevi, Mumbai 400025
Prasad Raghava Menon	Independent Director	00005078	264/A, Road No. 12, M L A Colony, Khairatabad, Banjara Hills, Hyderabad 500034, Telangana

For further details of our Directors, see “*Our Management*” on page 172.

**Company Secretary and Compliance Officer****M Raman**

Chemplast Sanmar Limited  
9, Cathedral Road,  
Chennai - 600086,  
Tamil Nadu, India  
**Tel:** +(91) 44 2812 8722  
**E-mail:** mr1@sanmargroup.com

**Investor Grievances**

**Investors can contact the Company Secretary and Compliance Officer, the GCBRLMs and BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.**

All Offer related grievances, other than that of Anchor Investors, were required to be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder was required to give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism. Further, the Bidder was also required to enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers were required to be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer was required to obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

**Global Co-ordinators and Book Running Lead Managers****ICICI Securities Limited**

ICICI Centre  
H.T. Parekh Marg  
Churchgate  
Mumbai 400 020  
Maharashtra  
**Tel.:** +(91) 22 2288 2460  
**E-mail:** chemplast.sanmar@icicisecurities.com  
**Investor grievance e-mail:** customercare@icicisecurities.com  
**Website:** www.icicisecurities.com  
**Contact Person:** Shekhar Asnani/ Kristina Dias  
**SEBI Registration No.:** INM000011179

**Axis Capital Limited**

1<sup>st</sup> Floor, Axis House  
C-2 Wadia International Centre  
Pandurang Budhkar Marg  
Mumbai 400 025, Maharashtra  
**Tel.:** +(91) 22 43252183  
**E-mail:** chemplast.ipo@axiscap.in  
**Investor grievance e-mail:** complaints@axiscap.in  
**Website:** www.axiscapital.co.in  
**Contact Person:** Sagar Jatakiya  
**SEBI Registration No.:** INM000012029

**Credit Suisse Securities (India) Private Limited**

9<sup>th</sup> Floor, Ceejay House  
Dr. Annie Besant Road, Worli  
Mumbai 400 018  
**Tel.:** + 91 22 6777 3885  
**E-mail:** list.chemplastsanmaripo@credit-suisse.com

**Investor grievance e-mail:** list.igcellmer-bnkg@credit-suisse.com  
**Website:** <https://www.credit-suisse.com/in/en/investment-banking-apac/investment-banking-in-india/ipo.html>  
**Contact Person:** Abhishek Joshi  
**SEBI Registration No.:** INM000011161

**IIFL Securities Limited**

10<sup>th</sup> Floor, IIFL Centre  
Kamala City, Senapati Bapat Marg  
Lower Parel (West)  
Mumbai 400 013  
**Tel.:** +(91) 22 4646 4600  
**E-mail:** csl.ipo@iiflcap.com  
**Investor grievance e-mail:** ig.ib@iiflcap.com  
**Website:** www.iiflcap.com  
**Contact Person:** Vishal Bangard / Aditya Agarwal  
**SEBI Registration No.:** INM000010940

**Ambit Private Limited**

Ambit House,  
449, Senapati Bapat Marg  
Lower Parel, Mumbai 400 013  
Maharashtra, India  
**Tel:** + 91 22 6623 3000  
**E-mail:** csl.ipo@ambit.co  
**Investor grievance e-mail:** customerservicemb@ambit.co  
**Website:** www.ambit.co  
**Contact Person:** Nikhil Bhiwapurkar/ Miraj Sampat  
**SEBI Registration No:** INM000010585

**BOB Capital Markets Limited**

Parinee Crescenzo, 1704, B Wing, 17th Floor  
Plot no. C-38/39, G Block BKC  
Bandra East, Mumbai 400 051  
Maharashtra, India  
**Tel.:** +(91) 22 6138 9300  
**E-mail:** csl.ipo@bobcaps.in  
**Investor grievance e-mail:** investorgrievance@bobcaps.in  
**Website:** www.bobcaps.in  
**Contact person:** Ninad Jape/Arpita Maheshwari  
**SEBI Registration No.:** INM000009926

**HDFC Bank Limited**

Investment Banking Group  
Unit No. 401 & 402, 4th Floor  
Tower B, Peninsula Business Park, Lower Parel  
Mumbai 400 013  
Maharashtra, India  
**Tel:** +(91) 22 3395 8233  
**E-mail:** sanmar.ipo@hdfcbank.com  
**Investor grievance e-mail:** investor.redressal@hdfcbank.com  
**Website:** www.hdfcbank.com  
**Contact Person:** Harsh Thakkar / Ravi Sharma  
**SEBI Registration No.:** INM000011252

**Book Running Lead Managers**

**IndusInd Bank Limited**

11th Floor, Tower 1, One Indiabulls Centre,  
841, Senapati Bapat Marg  
Elphinstone Road  
Mumbai 400 013, Maharashtra, India  
**Tel.:** +(91) 22 7143 2206

**E-mail:** csl.ipo@indusind.com  
**Investor grievance e-mail:** investmentbanking@indusind.com  
**Website:** www.indusind.com  
**Contact person:** Priyankar Shetty  
**SEBI Registration No.:** INM000005031

**YES Securities (India) Limited**  
2nd Floor, YES Bank House,  
Off Western Express Highway, Santacruz East,  
Mumbai 400055 Maharashtra, India  
**Tel:** +(91) 22 6507 8131  
**E-mail:** chemplast.ipo@ysil.in  
**Website:** www.yesinvest.in  
**Investor Grievance ID:** igc@ysil.in  
**Contact Person:** Sachin Kapoor/ Nidhi Gupta  
**SEBI Registration Number:** INM000012227

#### **Syndicate Members**

**Ambit Capital Private Limited**  
Ambit House,  
449, Senapati Bapat Marg  
Lower Parel, Mumbai 400 013  
Maharashtra, India  
**Tel:** + 91 22 6623 3000  
**E-mail:** sanjay.shah@ambit.co  
**Website:** www.ambit.co  
**Contact Person:** Sanjay Shah  
**SEBI Registration No:** INZ000259334

**HDFC Securities Limited**  
iThink Techno Campus Building-B,  
'Alpha', 8<sup>th</sup> Floor, Opp. Crompton Greaves,  
Near Kanjurmarg (East), Mumbai 400 042  
Maharashtra, India  
**Tel:** 022 3075 3400  
**Email:** sharmila.kambli@hdfcsec.com  
**Website:** www.hdfcsec.com  
**Contact Person:** Sharmila Kambli  
**SEBI Registration No:** INZ000186937

#### **Legal Counsel to our Company and the Selling Shareholders as to Indian law**

**AZB & Partners**  
AZB House,  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013  
**Tel:** (91 22) 6639 6880

#### **Legal Counsel to the GCBRLMs and BRLMs as to Indian law**

**Trilegal**  
Peninsula Business Park  
17th Floor, Tower B,  
Ganpat Rao Kadam Marg,  
Lower Parel (West),  
Mumbai 400 013  
**Tel:** +(91) 22 4079 1000

**International Legal Counsel to the GCBRLMs and BRLMs**  
**Sidley Austin LLP**

Level 31  
Six Battery Road  
Singapore 049909  
**Tel:** + (65) 6230 3900

#### **Auditors to our Company**

##### **S.R. Batliboi & Associates, LLP**

6<sup>th</sup> floor – “A” Block, Tidel Park  
No. 4, Rajiv Gandhi Salai,  
Taramani, Chennai – 600 113  
**Email:** srba@srb.in  
**Tel:** + 91 (44) 61179000  
**Firm registration number:** 101049W/E300004  
**Peer review number:** 013325

#### **Changes in the auditors**

There has been no change in the statutory auditors of the Company in the last three years preceding the date of this Prospectus.

#### **Registrar to the Offer**

##### **KFin Technologies Private Limited**

Selenium, Tower B,  
Plot No- 31 and 32, Financial District,  
Nanakramguda, Serilingampally  
Hyderabad, Rangareddi 500 032  
Telangana, India  
**Tel:** +(91) 40 6716 2222  
**E-mail:** chemplast.ipo@kfintech.com  
**Investor grievance e-mail:** einward.ris@kfintech.com  
**Website:** www.kfintech.com  
**Contact Person:** M Murali Krishna  
**SEBI Registration No.:** INR000000221

#### **Escrow Collection Bank, Public Offer Bank, Refund Bank and Sponsor Bank**

##### **ICICI Bank Limited**

Capital Market Division, 1<sup>st</sup> Floor  
122, Mistry Bhavan, Dinshaw Vachha Road,  
Backbay Reclamation, Churchgate,  
Mumbai - 400020  
**Tel:** +91 22 6681 8911/23/24  
**Contact Person:** Saurabh Kumar  
**Website:** <https://www.icicibank.com>  
**Email:** kmr.saurabh@icicibank.com

#### **Banker to our Company**

##### **CTBC Bank Co. Ltd**

Plot No. 42 (Old No. 105)  
Chennai Bangalore Highway - NH4  
Sriperumbudur, Kancheepuram District  
Tamil Nadu – 602105  
**Tel:** 044 6714 7700/77  
**E-mail:** [deepa.sampath@ctbcbank.com](mailto:deepa.sampath@ctbcbank.com), [kamalakar.thota@ctbcbank.com](mailto:kamalakar.thota@ctbcbank.com)  
**Website:** [www.ctbcbank.com/content/dam/cbminisite/IN/index.html](http://www.ctbcbank.com/content/dam/cbminisite/IN/index.html)  
**Contact person:** Ms. Deepa Sampath Kumar / Mr. Kamalakar Thota

##### **DBS Bank India Limited**

806, Anna Salai, Chennai – 600002  
Telephone Number(s): +91 44 6656 8896 / +91 44 6656 8823  
Contact Person: Raghunath Kandala  
Website: <https://www.dbs.com/in/index/default.page>  
Email: [raghunathk@dbs.com](mailto:raghunathk@dbs.com)

### **Designated Intermediaries**

#### **Self-Certified Syndicate Banks**

The list of SCSBs notified by SEBI for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

#### **SCSBs and mobile applications enabled for UPI Mechanism**

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

#### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time or any other website prescribed by SEBI from time to time.

#### **Registered Brokers**

Bidders can submit ASBA Forms in the Offer using the stock broker network of the stock exchange, *i.e.* through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/> and <https://www.nseindia.com/>, as updated from time to time.

#### **RTAs**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and [https://www.nseindia.com/products/consent/equities/ipos/asba\\_procedures.htm](https://www.nseindia.com/products/consent/equities/ipos/asba_procedures.htm), as updated from time to time.

#### **Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the website of the Stock Exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?> and [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), as updated from time to time.

#### **Experts**

Except as stated below, our Company has not obtained any expert opinions:

- i. Our Company has received written consent dated August 13, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated July 16, 2021 on our Restated Consolidated Summary

Statements; and (ii) their report dated July 17, 2021 on the Statement of Special Tax Benefits in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act;

- ii. written consent dated July 17, 2021 from V. Krishnan and R. Narasimhan, Independent Chartered Engineers, to include their name as an “expert” as defined under section 2(38) of the Companies Act in respect of their certificate; and
- iii. written consent dated August 2, 2021 from S K Patodia & Associates, Chartered Accountant, to include their name as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as the chartered accountants of our Company and in respect of the reports and certificates issued by them and included in this Prospectus.

### Monitoring Agency

Our Company has appointed a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations. Their contact details are as follows:

#### ICICI Bank Limited

Capital Market Division, 1<sup>st</sup> Floor  
 122, Mistry Bhavan, Dinshaw Vachha Road,  
 Backbay Reclamation, Churchgate,  
 Mumbai - 400020  
 Telephone Number(s): +91 22 6681 8911/23/24  
 Contact Person: Saurabh Kumar  
 Website: <https://www.icicibank.com>  
 Email: [kmr.saurabh@icicibank.com](mailto:kmr.saurabh@icicibank.com)

For further details in relation to the proposed utilisation of the Net Proceeds, see “*Objects of the Offer*” on page 89.

### Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency.

### Statement of Responsibility of the GCBRLMs and BRLMs

S. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring, due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	GCBRLMs and BRLMs	I-Sec
2.	Drafting and approval of all statutory advertisement	GCBRLMs and BRLMs	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	GCBRLMs and BRLMs	Ambit
4.	Appointment of intermediaries - Registrar to the Offer, advertising agency, Banker(s) to the Offer, Sponsor Bank, printer and other intermediaries, including coordination of all agreements to be entered into with such intermediaries	GCBRLMs and BRLMs	I-Sec
5.	Preparation of road show presentation	GCBRLMs and BRLMs	CS
6.	Preparation of frequently asked questions	GCBRLMs and BRLMs	I-Sec
7.	International institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• marketing strategy;</li> <li>• Finalizing the list and division of investors for one-to-one meetings; and</li> <li>• Finalizing road show and investor meeting schedule</li> </ul>	GCBRLMs and BRLMs	CS
8.	Domestic institutional marketing of the Offer, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• marketing strategy;</li> <li>• Finalizing the list and division of investors for one-to-one meetings; and</li> <li>• Finalizing road show and investor meeting schedule</li> </ul>	GCBRLMs and BRLMs	I-Sec



S. No.	Activity	Responsibility	Co-ordinator
9.	Retail marketing of the Offer, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> <li>Follow-up on distribution of publicity and Offer material including application form, the Prospectus and deciding on the quantum of the Offer material;</li> <li>Finalisation of Brokerage/Commission Structure and</li> <li>Finalising collection centres</li> </ul>	GCBRLMs and BRLMs	Axis Capital
10.	Non-institutional of the Offer, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy including list of frequently asked questions at retail and non-institutional road shows; and</li> <li>Finalising centres for holding conferences for brokers, etc.</li> </ul>	GCBRLMs and BRLMs	IIFL
11.	Coordination with Stock Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	GCBRLMs and BRLMs	HDFC
12.	Managing the book and finalization of pricing in consultation with the Company	GCBRLMs and BRLMs	I-Sec & IIFL
13.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising Company about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable.  Coordinating with Stock Exchanges and SEBI for submission of all post-Offer reports including the initial and final post-Offer report to SEBI, release of 1% security deposit post closure of the Offer	GCBRLMs and BRLMs	YES Securities

### Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

### IPO Grading

No credit rating agency registered with the SEBI has been appointed in respect of obtaining grading for the Offer.

### Debenture Trustees

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

### Green Shoe Option

No green shoe option is contemplated under the Offer.

### Filing

A copy of the Draft Red Herring Prospectus has been filed through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and has been emailed to SEBI at [cfddil@sebi.gov.in](mailto:cfddil@sebi.gov.in), in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure –Division of Issues and Listing –CFD." A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed, was filed with the RoC in accordance with Section 32 of the Companies Act and a copy of this Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC situated at Registrar of Companies, Tamil Nadu at Chennai, and through the electronic portal at <http://www.mca.gov.in/mcafoportal/loginvalidateuser.do>.

### Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band, which has been decided by our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLMs, and was advertised in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta and Chennai edition of the Tamil newspaper Makkal Kural (Tamil being the regional language of Tamil Nadu where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price has been determined by our Company and the Selling Shareholders in consultation with the GCBRLMs and BRLMs after the Bid/Offer Closing Date.

For further details, see “Offer Procedure” on page 483.

All Bidders, except Anchor Investors, were mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount was blocked by SCSBs. In addition to this, the RIBs participated through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount was blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders were not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs Bidding in the Retail Portion could revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bid/Offer Period. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Offer was on a proportionate basis. Allocation to the Anchor Investors was made on a discretionary basis. The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and Bidders were advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to obtaining (i) final approval of the RoC after this Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment.

For further details on the method and procedure for Bidding, see “Offer Structure” and “Offer Procedure” on pages 480 and 483, respectively.

#### Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “Terms of the Offer” and “Offer Procedure” on pages 474 and 483, respectively.

#### Underwriting Agreement

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, specified therein. The Underwriting Agreement is dated August 13, 2021. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount Underwritten (₹ in million)
<b>ICICI Securities Limited</b> ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Maharashtra Tel.: +(91) 22 2288 2460 E-mail: chemplastsanmar.ipo@icicisecurities.com	1,976,792	1,069.44
<b>Axis Capital Limited</b> 1 <sup>st</sup> Floor, Axis House C-2 Wadia International Centre Pandurang Budhkar Marg Mumbai 400 025 Tel.: +(91) 22 4325 2183 E-mail: chemplast.ipo@axiscap.in	1,976,792	1,069.44
<b>Credit Suisse Securities (India) Private Limited</b> 9 <sup>th</sup> Floor, Ceejay House Dr. Annie Besant Road, Worli Mumbai 400 018. Tel.: + 91 22 6777 3885 E-mail: list.projectlightspeedcs@credit-suisse.com	1,976,792	1,069.44
<b>IIFL Securities Limited</b> 10 <sup>th</sup> Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Tel.: +(91) 22 4646 4600 E-mail: nipun.goel@iiflcap.com	1,976,792	1,069.44

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount Underwritten (₹ in million)
<b>Ambit Private Limited</b> Ambit House, 449, Senapati Bapat Marg Lower Parel, Mumbai 400 013 Maharashtra, India <b>Tel:</b> + 91 22 6623 3000 <b>E-mail:</b> vikas.khattar@ambit.co	1,976,692	1,069.39
<b>BOB Capital Markets Limited</b> Parinee Crescenzo, 1704, B Wing, 17th Floor Plot no. C-38/39, G Block BKC Bandra East, Mumbai 400 051 Maharashtra, India <b>Tel.:</b> +(91) 22 6138 9300 <b>E-mail:</b> csl.ipo@bobcaps.in	1,976,792	1,069.44
<b>HDFC Bank Limited</b> Investment Banking Group Unit No. 401 & 402, 4th Floor Tower B, Peninsula Business Park, Lower Parel Mumbai 400 013 Maharashtra, India <b>Tel:</b> +(91) 22 3395 8233 <b>E-mail:</b> ecm@hdfcbank.com	1,976,692	1,069.39
<b>IndusInd Bank Limited</b> 11 <sup>th</sup> Floor, Tower 1, One Indiabulls Centre, 841, Senapati Bapat Marg Elphinstone Road Mumbai 400 013, Maharashtra, India <b>Tel.:</b> +(91) 22 7143 2206 <b>E-mail:</b> monica.nagpal@indusind.com	1,976,791	1,069.44
<b>YES Securities (India) Limited</b> 2 <sup>nd</sup> Floor, YES Bank House, Off Western Express Highway, Santacruz East, Mumbai 400055, Maharashtra, India <b>Tel:</b> +(91) 22 6507 8131 <b>E-mail:</b> chemplast.ipo@ysil.in	1,976,791	1,069.44
<b>Ambit Capital Private Limited</b> Ambit House, 449, Senapati Bapat Marg Lower Parel, Mumbai 400 013 Maharashtra, India <b>Tel:</b> + 91 22 6623 3000 <b>E-mail:</b> sanjay.shah@ambit.co	100	0.05
<b>HDFC Securities Limited</b> iThink Techno Campus Building-B, 'Alpha', 8th Floor, Opp. Crompton Greaves, Near Kanjurmarg (East), Mumbai 400 042 Maharashtra, India <b>Tel:</b> 022 3075 3400 <b>Email:</b> sharmila.kambli@hdfcsec.com	100	0.05

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and actual allocation in accordance with provisions of the SEBI ICDR Regulations. In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on August 13, 2021, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Prospectus, is set forth below.

		<i>(in ₹, except share data)</i>	
		Aggregate nominal value	Aggregate value at Offer Price <sup>(1)</sup>
<b>A</b>	<b>AUTHORIZED SHARE CAPITAL</b>		
	400,000,000 Equity Shares of face value ₹5 each	2,000,000,000	-
	3,500,000 Preference Shares of face value ₹100 each	350,000,000	
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	134,080,000 Equity Shares	670,400,000	-
<b>C</b>	<b>PRESENT OFFER</b>		
	Offer of 71,164,509* Equity Shares <sup>(1) (2)</sup>	355,822,545 <sup>(1)</sup>	38,500,000,000 <sup>(1)</sup>
	<i>Of which</i>		
	Fresh Issue of 24,029,574* Equity Shares <sup>(1)</sup>	120,147,870 <sup>(1)</sup>	13,000,000,000
	Offer for Sale of 47,134,935* Equity Shares <sup>(1) (3)</sup>	235,674,675 <sup>(1)</sup>	25,500,000,000
<b>D</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>		
	158,109,574* Equity Shares	790,547,870	-
<b>E</b>	<b>SHARE PREMIUM ACCOUNT</b>		
	Before the Offer	1,266,713,128	
	After the Offer	14,146,564,792 <sup>#</sup>	

<sup>(1)</sup> The Offer Price is 541 per Equity Share.

\*Subject to finalization of Basis of Allotment

<sup>(2)</sup> The Offer has been authorised by our Board pursuant to its resolution dated April 15, 2021, as amended by a resolution of our IPO Committee dated July 29, 2021 and by our Shareholders pursuant to their resolution dated April 27, 2021.

<sup>(3)</sup> Each of the Selling Shareholders confirms that the Equity Shares offered by it are eligible for offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For further details of authorizations received for the Offer, see "Other Regulatory and Statutory Disclosures" on page 456.

<sup>#</sup> Excludes adjustments for Offer related expenses.

### Details of changes to our Company's authorised share capital in the last 10 years:

Sr. No.	Date of Shareholders' resolution	Particulars
1	November 18, 2013	The authorised share capital of our Company was consolidated from ₹ 2,350,000,000 divided into 2,000,000,000 equity shares of face value of ₹ 1 each and ₹ 3,500,000 preference shares of face value of ₹ 100 each to ₹ 2,350,000,000 divided into 4,000 equity shares of face value of ₹ 500,000 each and 3,500,000 preference shares of face value of ₹ 100 each.
2	June 22, 2015	The authorised share capital of our Company was sub-divided from ₹ 2,350,000,000 divided into 4,000 equity shares of face value of ₹ 500,000 each and ₹ 3,500,000 preference shares of face value of ₹ 100 each to ₹ 2,350,000,000 divided into 200,000,000 equity shares of face value of ₹10 each and 3,500,000 preference shares of face value of ₹ 100 each.
3	March 24, 2021	The authorised share capital of our Company was sub-divided from ₹ 2,350,000,000 divided into 200,000,000 equity shares of face value of ₹10 each and ₹3,500,000 preference shares of face value of ₹ 100 each to ₹2,350,000,000 divided into 400,000,000 equity shares of face value of ₹5 each and 3,500,000 preference shares of face value of ₹ 100 each.

### Notes to the Capital Structure

#### 1. Share capital history of our Company:

##### (a) Equity Share capital

The history of the Equity Share capital of our Company is set forth in the table below:

Date of allotment	Number of equity shares allotted	Face value per equity share (in ₹)	Issue Price per equity share (in ₹)	Nature of consideration	Nature of allotment	Cumulative no. of equity shares	Cumulative paid-up equity share capital (in ₹)
March 18, 1985	10	10	10	Cash	Subscription to the MOA <sup>(1)</sup>	10	100
June 25, 1986	199,940	10	10	Cash	Further issuance of equity shares <sup>(2)</sup>	199,950	1,999,500
June 11, 1992	(199,950)	10	10	N.A.	Cancellation of Equity Shares pursuant to the CPIL Scheme of Amalgamation <sup>(3)</sup>	-	-
June 11, 1992	8,872,885	10	-	Other than Cash	Allotment pursuant to the CPIL Scheme of Amalgamation <sup>(4)</sup>	8,872,885	88,728,850
April 1, 1994	4,436,443	10	-	N.A.	Bonus issue of equity shares <sup>(5)</sup>	13,309,328	133,093,280
July 26, 1994	945,000	10	200	Cash	Preferential allotment <sup>(6)</sup>	14,254,328	142,543,280
July 29, 1994	600,000	10	200	Cash	Preferential allotment <sup>(7)</sup>	14,854,328	148,543,280
July 30, 1994	150,000	10	200	Cash	Preferential allotment <sup>(8)</sup>	15,004,328	150,043,280
August 11, 1994	800,000	10	185	Cash	Preferential allotment <sup>(9)</sup>	15,804,328	158,043,280
November 2, 1994	1,705,000	10	200	Cash	Preferential allotment <sup>(10)</sup>	17,509,328	17,509,328
July 26, 1995	3,600,000	10	111.5	Cash	Conversion of warrants <sup>(11)</sup>	21,109,328	211,093,280
October 25, 1996	12,982,326	10	-	N.A.	Bonus issue of equity shares <sup>(12)</sup>	34,091,654	340,916,540
November 18, 1996	1,090,560	10	-	N.A.	Bonus issue of equity shares <sup>(13)</sup>	35,182,214	351,822,214
April 20, 2004	12,799,730	10	--	Other than cash	Allotment pursuant to the SPIL Scheme of Amalgamation <sup>(14)</sup>	47,981,944	479,819,440
Pursuant to our board resolution dated January 16, 2006, and shareholders' resolution dated February 20, 2006, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 1 each. Consequently, the issued and subscribed share capital of our Company comprising 47,981,944 equity shares of face value of ₹ 10 each was sub-divided into 479,819,440 equity shares of face value of ₹ 1 each.							
April 27, 2009	319,879,087	1	5	Cash	Rights issue <sup>(15)</sup>	799,698,527 <sup>(16)</sup>	799,698,527
Pursuant to our board resolution dated October 19, 2013, and shareholders' resolution dated November 18, 2013, equity shares of face value of ₹ 1 each of our Company were consolidated into equity shares of face value of ₹ 5,00,000 each. Consequently, the issued and subscribed share capital of our Company comprising 799,698,527 <sup>(16)</sup> equity shares of face value of ₹ 1 were consolidated into 1599.397054 equity shares of face value of ₹ 5,00,000 each.							
November 22, 2013	0.602946	5,00,000	75,00,000	Cash	Preferential allotment <sup>(17)</sup>	1600	800,000,000
Pursuant to our board resolution dated March 31, 2015, and shareholders' resolution dated June 22, 2015, equity shares of face value of ₹5,00,000 each of our Company were sub-divided into equity shares of face value of ₹ 10 each. Consequently, the issued and subscribed share capital of our Company comprising 1600 equity shares of face value of ₹ 500,000 each was sub-divided into 80,000,000 equity shares of face value of ₹ 10 each.							
May 23, 2019	(79,200,000)	10	-	N.A.	Cancellation of Equity Shares pursuant to the Composite Scheme of Arrangement <sup>(18)</sup>	800,000	8,000,000
May 23, 2019	66,240,000	10	-	Other than cash	Allotment of Equity Shares pursuant to the Composite Scheme of Arrangement <sup>(19)</sup>	67,040,000	670,400,000
Pursuant to our board resolution dated January 30, 2021, and shareholders' resolution dated March 24, 2021, equity shares of							

Date of allotment	Number of equity shares allotted	Face value per equity share (in ₹)	Issue Price per equity share (in ₹)	Nature of consideration	Nature of allotment	Cumulative no. of equity shares	Cumulative paid-up equity share capital (in ₹)
face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 67,040,000 equity shares of face value of ₹ 10 each was sub-divided into 134,080,000 equity shares of face value of ₹ 5 each.							

- (1) Allotment of (i) 2 equity shares each to N Sankar, T. V. Padmanabhan, M. S. Shekhar, K Sundara Raman, and (ii), 1 equity share each to T. R. Krishnaswamy and P U. Aravind.
- (2) Allotment of 199,940 equity shares to Chemicals and Plastics India Limited.
- (3) Cancellation of equity shares pursuant to the CPIL Scheme of Arrangement.
- (4) Pursuant to the order dated April 10, 1992 passed by the High Court of Madras, Chemicals and Plastics India Limited was merged with our Company, and 8,872,885 equity shares were allotted to shareholders of Chemicals and Plastics India Limited in accordance with the CPIL Scheme of Amalgamation.
- (5) Allotment of 4,436,443 equity shares to existing shareholders of the Company, pursuant to a bonus issue in the ratio of one new equity share for every two existing equity shares held.
- (6) Allotment of (i) 315,000 equity shares to Schroder Capital Management International, (ii) 315,000 equity shares to Fidelity Investment Trust, (iii) 235,000 equity shares to Foreign & Colonial Emerging Markets Limited, and (iv) 80,000 equity shares to Credit Lyonnais International Asset Management.
- (7) Allotment of (i) 500,000 equity shares to Stock Holding Corporation of India Limited, (ii) 50,000 equity shares to Indian Bank and (iii) 50,000 equity shares to Bank of Madura Limited.
- (8) Allotment of (i) 100,000 equity shares to Canara Bank, and (ii) 50,000 equity shares to CH Kiron.
- (9) Allotment of 800,000 equity shares to Unit Trust of India.
- (10) Allotment of (i) 100,000 equity shares to Advantage Advisers India Fund Inc., (ii) 31,000 equity shares to CTCL-Perpetual International Emerging Companies Fund, (iii) 110,000 equity shares to CTCL-Perpetual Asian Smaller Markets Fund, (iv) 20,000 equity shares for CTCL-Perpetual Worldwide Recovery Fund; (iv) 74,000 equity shares to CTCL- Perpetual International Growth Fund, (v) 100,000 equity shares to Foreign & Colonial Emerging Markets Ltd. A/C Foreign & Colonial India Ltd., (v) 90,000 equity shares to Guim. SS Mahon & Co. Limited Sub Account The Clariden India Fund (Mauritius) Limited, (vi) 90,000 equity shares to Hinderson Administration Ltd. A/C RTR India Fund (Mauritius) Ltd., (vii) 75,000 equity shares to ICICI Trust Limited – A/C ICICI Mutual Fund – Premier, (viii) 1,50,000 equity shares to MARC Faber Ltd. A/C – India Smaller Companies Fund Limited, (ix) 50,000 equity shares to NOTZ Stucki & CIE SA A/C 'Aruna Fund', (x) 175,000 equity shares to Pioneer International Growth Fund, (xi) 1,75,000 equity shares to Pioneer II; (xii) 215,000 equity shares to Southern India Depository Services (P) Ltd. A/C Kothari Pioneer Prima Plus Fund, (xiii) 50,000 equity shares to Trans Arabian Investment Bank E.C , (xiv) 50,000 equity shares to Tourism Finance Corporation of India Ltd., (xv) 25,000 equity shares to 20th Century Finance Corporation Ltd. – Principal Trustee -20<sup>th</sup> Century Mutual Fund A/C Centurion Prudence Fund, (xvi) 100,000 equity shares to the Unit Trust of India, (xvii) 25,000 equity shares to United India Insurance Co. Ltd.
- (11) Allotment of (i) 1,200,000 equity shares to Mars Consolidations Limited, (ii) 12,00,000 equity shares to Jupiter Consolidations Limited, and (iii) 1,200,000 equity shares to Saturn Consolidations Limited.
- (12) Allotment of 12,982,326 equity shares to existing shareholders of the Company, pursuant to a bonus issue in the ratio of two new equity share for every three existing equity shares held.
- (13) Allotment of 10,90,560 equity shares to the existing shareholders of the Company, pursuant to a bonus issue in the ratio of two new equity share for every three existing equity shares held.
- (14) Pursuant to the order dated March 3, 2004 passed by the High Court of Madras, Sanmar Properties and Investments Limited was merged with our Company and 12,799,730 equity shares were allotted to shareholders of Sanmar Properties and Investments Limited in accordance with SPIL Scheme of Amalgamation.
- (15) Allotment of 31,98,79,627 equity shares to existing shareholders pursuant to a rights issue in the ratio of two equity shares for every three existing equity shares held.
- (16) 540 equity shares were kept in abeyance as required by the Office of the Custodian (Special Court).
- (17) Allotment of 0.602946 fractional equity share to Sanmar Holdings Limited.

(18) Cancellation of equity shares pursuant to the Composite Scheme of Arrangement. For further details, see “History and Certain Corporate Matters” on page 162.

(19) Pursuant to the order dated April 26, 2019 passed by the NCLT, Chennai approving Composite Scheme of Arrangement, allotment of 66,240,000 equity shares were made to Sanmar Holdings Limited. For further details, see “History and Certain Corporate Matters” on page 162.

**(b) Preference Share capital**

While our Company has (a) Preference Shares forming part of its authorised share capital, and (b) issued Preference Shares in the past; it does not have any existing Preference Shares as on the date of this Prospectus, and all Preference Shares issued in the past have been redeemed as of the date of this Prospectus.

2. Except as disclosed below, our Company has not issued any equity shares or preference shares for consideration other than cash or out of revaluation of reserves at any time since incorporation:

Date of allotment	Names of allottees	Number of equity shares allotted	Face value per equity share (in ₹)	Issue Price per equity share (in ₹)	Nature of allotment	Benefits accrued to our Company
June 11, 1992	Shareholders of Chemicals and Plastics India Limited	8,872,885	10	-	Allotment pursuant to the CPIL Scheme of Amalgamation <sup>(1)</sup>	(1) The operations of thermoplastic polyurethane (“TPU”) division were revamped technically to meet the market needs, (2) the operations of TPU division of the merged company received adequate technical and commercial support of the other divisions, and (3) the merged entity was a multi-divisional company having in addition to TPU division the then existing divisions of the erstwhile CIPL.
April 20, 2004	Shareholders of Sanmar Properties and Investments Limited	12,799,730	10	--	Allotment pursuant to the SPIL Scheme of Amalgamation <sup>(2)</sup>	(1) The amalgamation resulted in enhancement of the resources and capital base of our Company enabling it to meet its commitment for its new projects under consideration, which lead to growth and enhanced profitability of the Company, (2) consequent to the amalgamation, the number of Shareholders increased resulting in greater liquidity of equity shares in the capital markets at that time. (3) the SPIL Scheme of Amalgamation provided all the companies with a strong resources base and focused business environment which enabled them to undertake expansion and growth of their respective businesses more rapidly and advantageously, (4) economies of scale, reduction in overheads, costs, and other expenses, streamlining all administrative and procedural work, better and more productive utilization of various resources, was achieved and our Company was able to effect internal economies and optimize productivity.
May 23, 2019	Sanmar Holdings Limited	66,240,000	10	-	Allotment of equity shares pursuant to the Composite Scheme of Arrangement <sup>(3)</sup>	(1) Aligned the two speciality products businesses, (2) lead to greater efficiency in overall combined business including economies of scale, efficiency of operations, of the combined business which can be deployed more efficiently for the purpose of development of businesses of the combined entity and their growth

Date of allotment	Names of allottees	Number of equity shares allotted	Face value per equity share (in ₹)	Issue Price per equity share (in ₹)	Nature of allotment	Benefits accrued to our Company
						opportunities, eliminate inter corporate dependencies, minimize the administrative compliances and maximize shareholders value, (3) the synergies created in terms of compliance, governance, administration and cost by the merger that increases operational efficiency and integrate business functions, (4) the amalgamation provided for more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources of the transferor companies and the transferee company which will fuel the growth of the business and help effectively address the ever growing competition, (5) the amalgamation resulted in a reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by the SSCL and our Company.

- (1) Pursuant to the order dated April 10, 1992 passed by the High Court of Madras, Chemicals and Plastics India Limited was merged with our Company, and 8,872,885 equity shares were allotted to shareholders of Chemicals and Plastics India Limited in accordance with the CPIL Scheme of Amalgamation.
- (2) Pursuant to the order dated March 3, 2004 passed by the High Court of Madras, Sanmar Properties and Investments Limited was merged with our Company and 12,799,730 equity shares were allotted to shareholders of Sanmar Properties and Investments Limited in accordance with SPIL Scheme of Amalgamation.
- (3) Pursuant to the order dated April 26, 2019 passed by the NCLT, Chennai approving Composite Scheme of Arrangement, allotment of 66,240,000 equity shares were made to Sanmar Holdings Limited. For further details, see "History and Certain Corporate Matters" on page 162.
3. Except as disclosed above, our Company has not issued or allotted any equity shares or preference shares pursuant to schemes of arrangement approved under Sections 391 -394 of the *erstwhile* Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013.
4. Our Company has not issued any equity shares or preference shares at a price that may be lower than the Offer Price during a period of one year preceding the date of this Prospectus.



## 5. Shareholding pattern of our Company

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								Number of Voting Rights					Total as a % of (A+B+C)	Number (a)	As a % of total Shares held (b)	Number (a)		As a % of total Shares held (b)
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	Promoter and Promoter Group	7*	134,080,000	0	0	134,080,000	100	134,080,000	0	134,080,000	100	0	100	0	0	0**	00.00	134,080,000
(B)	Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C)	Non Promoter-Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C1)	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>7*</b>	<b>134,080,000</b>	<b>0</b>	<b>0</b>	<b>134,080,000</b>	<b>100</b>	<b>134,080,000</b>	<b>0</b>	<b>134,080,000</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0**</b>	<b>00.00</b>	<b>134,080,000</b>

\*Includes 5 nominee shareholders each holding 2 Equity Shares as nominees of Sanmar Holdings Limited.

\*\* 34,860,800 Equity Shares aggregating to 26% of the total pre-Offer share capital of our Company, held by our Promoter were pledged in favour of IDBI Trusteeship Services Limited to secure the NCDs, pursuant to the unattested deed of pledge dated December 20, 2019 entered between our Promoter, our Company and IDBI Trusteeship Services Limited ("Pledge Deed"). However, only in order to facilitate this Offer, IDBI Trusteeship Services Limited agreed to release the pledge over 34,860,800 Equity Shares. Accordingly, as on the date of this Prospectus, none of the Equity Shares held by our Promoters or Promoter Group are pledged. Further, an additional 33,520,000 Equity Shares aggregating to 25% of the total pre-Offer share capital of our Company, have been agreed to be pledged by our Promoter upon occurrence of certain trigger events, as set out under Pledge Deed, and a non-disposal undertaking dated December 20, 2019 entered between our Company, our Promoter and IDBI Trusteeship Services Limited, has been executed in this regard, wherein our Promoter has agreed not to transfer or encumber the aforesaid Equity Shares.

## 6. Other details of Shareholding of our Company

- a) As on the date of filing of this Prospectus, our Company has seven Shareholders.
- b) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company, on a fully diluted basis, as on the date of filing of this Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares of face value ₹5 each	Percentage of the pre-Offer equity share capital (%)
1.	Sanmar Holdings Limited*	132,480,000	98.81
2.	Sanmar Engineering Services Limited	1,600,000	1.19

*\*Held along with five nominees holding two Equity Shares each.*

- c) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company, on a fully diluted basis, as of 10 days prior to the date of filing of this Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares of face value ₹5 each	Percentage of the pre-Offer equity share capital (%)
1.	Sanmar Holdings Limited*	132,480,000	98.81
2.	Sanmar Engineering Services Limited	1,600,000	1.19

*\*Held along with five nominees holding two Equity Shares each.*

- d) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company, on a fully diluted basis, as of the date one year prior to the date of filing of this Prospectus:

Sr. No.	Name of the Shareholder	No. of equity shares of face value ₹10 each	Percentage of the pre-Offer equity share capital (%)
1.	Sanmar Holdings Limited*	66,240,000	98.81
2.	Sanmar Engineering Services Limited	800,000	1.19

*\*Held along with five nominees holding one equity share each.*

- e) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company, on a fully diluted basis, as of the date two years prior to the date of filing of this Prospectus:

Sr. No.	Name of the Shareholder	No. of equity shares of face value ₹10 each	Percentage of the pre-Offer equity share capital (%)
1.	Sanmar Holdings Limited*	66,240,000	98.81
2.	Sanmar Engineering Services Limited	800,000	1.19

*\*Held along with five nominees holding one equity share each.*

- f) Shareholding of our Directors and/or Key Managerial Personnel:

Except as set forth below, none of our Directors or Key Managerial Personnel hold any Equity Shares as on the date of this Prospectus:

Sr. No.	Name of the Director and/or Key Managerial Personnel	No. of Equity Shares of face value ₹5 each	Percentage of the pre-Offer equity share capital (%)
1.	M Raman*	2	Negligible

*\*Held as a nominee of Sanmar Holdings Limited.*

## 7. Details of Shareholding of our Promoter, members of the Promoter Group and directors of our Promoter in our Company

As on the date of this Prospectus, our Promoter holds 132,480,000 Equity Shares, equivalent to 98.81% of the issued, subscribed and paid-up equity share capital of our Company.

The build-up of the equity shareholding of our Promoter since incorporation of our Company is set forth in the table below.

Nature of transaction	Date of allotment and the date on which the equity Shares were made fully paid-up / acquisition	No. of Equity Shares	Face value per equity share (₹)	Issue/ transfer price per equity share (₹)
These equity shares held by Chemical Holdings Limited, Indplast Limited and SHL Investments (Gamma) Limited stood vested with SHL, pursuant to amalgamation of the aforesaid companies with SHL, pursuant to a scheme of amalgamation approved by the High Court of Madras vide its order dated April 9, 1999.	June 11, 1999	11,870,151	10	-
Transfer from Sanmar Securities Trading Limited.	August 17, 1999	3,250	10	39.20
These equity shares held by VS Consolidations Private Limited, Mayura Consolidations Private Limited and Madhura Consolidations Private Limited, stood vested with SHL, pursuant to amalgamation of the aforesaid companies with SHL, pursuant to a scheme of amalgamation approved by the High Court of Madras by its order dated February 26, 2003.	May 31, 2003	13,341	10	-
These equity shares held by SPIL stood vested with SHL pursuant to the SPIL Scheme of Amalgamation.	April 20, 2004	1,44,20,340	10	-
Allotment pursuant to the SPIL Scheme of Amalgamation.	April 20, 2004	10,460,897	10	-
Sale through stock exchanges	June 9, 2004	(1,000)	10	22.21
Sale through stock exchanges	June 11, 2004	(5,000)	10	22.12
Sale through stock exchanges	June 12, 2004	(2,400)	10	21.88
Sale through stock exchanges	June 22, 2004	(5,856)	10	20.64
Sale through stock exchanges	June 22, 2004	(2,574)	10	19.90
Sale through stock exchanges	June 22, 2004	(14,568)	10	18.67
Sale through stock exchanges	June 24, 2004	(20,935)	10	17.71
Sale through stock exchanges	June 24, 2004	(16,503)	10	18.40
Sale through stock exchanges	June 25, 2004	(47,997)	10	15.92
Sale through stock exchanges	June 25, 2004	(11,495)	10	17.08
Sale through stock exchanges	June 26, 2004	(13,683)	10	15.95
Sale through stock exchanges	June 26, 2004	(40,773)	10	15.08
Sale through stock exchanges	June 29, 2004	(25,000)	10	14.53
Sale through stock exchanges	June 29, 2004	(11,000)	10	15.02
Sale through stock exchanges	June 30, 2004	(41,490)	10	14.07
Sale through stock exchanges	June 30, 2004	(16,500)	10	14.42
Sale through stock exchanges	July 1, 2004	(25,452)	10	14.06
Sale through stock exchanges	July 2, 2004	(52,400)	10	13.54
Sale through stock exchanges	July 3, 2004	(42,700)	10	13.59
Sale through stock exchanges	July 5, 2004	(100,000)	10	15.01
Sale through stock exchanges	July 7, 2004	(100,000)	10	15.68
Sale through stock exchanges	July 8, 2004	(200,000)	10	16.88
Sale through stock exchanges	July 9, 2004	(105,405)	10	17.69
Pursuant to our board resolution dated January 16, 2006, and shareholders' resolution dated February 20, 2006, equity shares of face value of ₹ 10 each of our Company were sub-divided into equity shares of face value of ₹ 1 each. Consequently, the issued and subscribed share capital of our Company comprising 47,981,944 equity shares of face value of ₹ 10 each was sub-divided into 479,819,440 equity shares of face value of ₹ 1 each.				
Rights issue	April 27, 2009	239,909,720	1	5
Acquired pursuant to voluntary delisting of equity shares of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.	May 2, 2012	13,60,77,722	1	15
Acquired from Stargate Realty Private Limited	July 31, 2012	1,360	1	15
Acquired from N Sankar	August 1, 2012	6,49,360	1	15

Nature of transaction	Date of allotment and the date on which the equity Shares were made fully paid-up / acquisition	No. of Equity Shares	Face value per equity share (₹)	Issue/ transfer price per equity share (₹)
Acquired from Vijay Sankar	August 1, 2012	174,430	1	15
Acquired from Chandra Sankar	August 1, 2012	45,360	1	15
Acquired from N Kumar	August 1, 2012	52,960	1	15
Acquired from Bhavani Kumar	August 1, 2012	45,360	1	15
Acquired from Mayura Kumar	August 1, 2012	57,800	1	15
Acquired from Madhura Visweswaran	August 1, 2012	84,090	1	15
Acquired from N Sankar (as trustee of Madhurika Benefit Trust)	August 1, 2012	1,01,380	1	15
Acquired pursuant to the exit offer made in relation to the voluntary delisting of equity shares of the Company in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.	June 30, 2012 to November 18, 2013	4,24,24,125	1	15
Pursuant to our board resolution dated October 19, 2013, and shareholders' resolution dated November 18, 2013, equity shares of face value of ₹ 1 each of our Company were consolidated into equity shares of face value of ₹ 5,00,000 each. Consequently, the issued and subscribed share capital of our Company comprising 799,699,067 equity shares of face value of ₹ 1 were consolidated into 1599.397054 equity shares of face value of ₹ 5,00,000 each.				
Transfer from the Trustee, Chemplast Sanmar Shareholders Benefit Trust of fractional entitlements resulting from the consolidation of equity shares.	November 21, 2013	43.397054	5,00,000	75,00,000
Preferential allotment	November 22, 2013	0.602946	5,00,000	75,00,000
Transfer to Sanmar Speciality Chemicals Limited	June 15, 2015	(6)	5,00,000	30,12,667.02
Transfer to Sanmar Speciality Chemicals Limited	June 19, 2015	(1,553)	5,00,000	30,12,667.02
Pursuant to our board resolution dated March 31, 2015, and shareholders' resolution dated June 22, 2015, equity shares of face value of ₹5,00,000 each of our Company were sub-divided into equity shares of face value of ₹ 10 each. Consequently, the issued and subscribed share capital of our Company comprising 1600 equity shares of face value of ₹ 500,000 each was sub-divided into 80,000,000 equity shares of face value of ₹ 10 each.				
Transfer to Sanmar Estates and Investments (represented by its partner SHL Securities (Alpha) Limited	July 2, 2015	(2,000,000)	10	60.25
Transfer to Sanmar Speciality Chemicals Limited	March 8, 2016	50,000	10	60.25
Allotment of Equity Shares pursuant to the Composite Scheme of Arrangement	May 23, 2019	66,240,000	10	-
Pursuant to our board resolution dated January 30, 2021, and shareholders' resolution dated March 24, 2021, equity shares of face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 67,040,000 equity shares of face value of ₹ 10 each was sub-divided into 134,080,000 equity shares of face value of ₹ 5 each.				
<b>Total</b>		132,480,000		

Further, see "Risk Factors – Our Company was incorporated in 1985 and some of our corporate records, regulatory filings, including those relating to certain allotments of our equity shares, and transfers of equity shares undertaken by our Promoter, in the past, are not traceable" on page 41.

The details of the shareholding of our Promoter, as on the date of this Prospectus, are set forth in the table below:

Sr. No.	Name of the Shareholder	No. of Equity Shares of face value ₹5 each	Percentage of the pre- Offer equity share capital (%)	Percentage of the post- Offer equity share capital (%)**
1.	Sanmar Holdings Limited*	132,480,000	98.81	54.99

\*Held along with five nominees holding two Equity Shares each.

\*\*Duly adjusted for the Offer.

34,860,800 Equity Shares aggregating to 26% of the total pre-Offer share capital of our Company, held by our Promoter were pledged in favour of IDBI Trusteeship Services Limited to secure the NCDs, pursuant to the

unattested deed of pledge dated December 20, 2019 entered between our Promoter, our Company and IDBI Trusteeship Services Limited (“**Pledge Deed**”). However, only in order to facilitate this Offer, IDBI Trusteeship Services Limited agreed to release the pledge over 34,860,800 Equity Shares. Accordingly, as on the date of this Prospectus, none of the Equity Shares held by our Promoters or Promoter Group are pledged. Further, an additional 33,520,000 Equity Shares aggregating to 25% of the total pre-Offer share capital of our Company, have been agreed to be pledged by our Promoter upon occurrence of certain trigger events, as set out under Pledge Deed, and a non-disposal undertaking dated December 20, 2019 entered between our Company, our Promoter and IDBI Trusteeship Services Limited, has been executed in this regard, wherein our Promoter has agreed not to transfer or encumber the aforesaid Equity Shares.

The entire shareholding of our Promoter is in dematerialised form as of the date of this Prospectus.

Except as disclosed below, the members of the Promoter Group (other than our Promoter) and the directors of our Promoter do not hold any Equity Shares as on the date of filing of this Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer equity share capital (%)
1.	Sanmar Engineering Services Limited	16,00,000	1.19

None of the members of the Promoter Group, the directors of our Promoter, our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Prospectus.

#### 8. Details of Promoter’s contribution and lock-in

- a) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoter, shall be locked in for a period of three years (or such other time period as may be prescribed under the SEBI ICDR Regulations) as minimum Promoter’s contribution (“**Minimum Promoter’s Contribution**”) from the date of Allotment and the shareholding of the Promoter in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year (or such other time period as may be prescribed under the SEBI ICDR Regulations) from the date of Allotment.
- b) Details of the Equity Shares to be locked-in for three years (or such other time period as may be prescribed under the SEBI ICDR Regulations) from the date of Allotment as Minimum Promoter’s Contribution are set forth in the table below\*:

Name of Promoter	Number of Equity Shares locked-in	Date of allotment of Equity Shares and when made fully paid-up	Nature of transaction	Face Value per Equity Share (₹)	Offer/ Acquisition price per Equity Share (₹)	Percentage of the pre-Offer paid-up capital (%)	Percentage of the post- Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
Sanmar Holdings Ltd	31,621,915	May 23, 2019	Allotment pursuant to Composite Scheme of Arrangement	5	1.72	23.58	20	Aug 17, 2024
<b>Total</b>	<b>31,621,915</b>				<b>1.72</b>	<b>23.58</b>	<b>20</b>	

\*To be included in the Prospectus.

- c) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter’s contribution in terms of Regulation 15 of the SEBI ICDR Regulations.
- d) In this connection, please note that:
  - (i) The Equity Shares offered for Minimum Promoter’s Contribution do not include (i) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalisation of intangible assets was involved in such transaction, (ii) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus

shares issued against Equity Shares, which are otherwise ineligible for computation of Minimum Promoter's Contribution.

(ii) The Minimum Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are offered to the public in the Offer.

(iii) Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm.

#### **9. Details of equity share capital locked-in for one year**

Unless provided otherwise under applicable law, pursuant to the SEBI ICDR Regulations, the entire pre-Offer capital of our Company (including those Equity Shares held by our Promoter in excess of the Promoter's Contribution) shall be locked-in for a period of one year from the date of Allotment, except as permitted under the SEBI ICDR Regulations. Further, any unsubscribed portion of the Offered Shares will also be locked in, as required under the SEBI ICDR Regulations.

#### **10. Lock-in of Equity Shares Allotted to Anchor Investors**

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

#### **11. Recording on non-transferability of Equity Shares locked-in**

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

#### **12. Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a housing finance company, subject to the following:

(i) With respect to the Equity Shares locked-in for one year (or such other time period as may be prescribed under the SEBI ICDR Regulations) from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan; and

(ii) with respect to the Equity Shares locked-in as Promoter's Contribution for three years (or such other time period as may be prescribed under the SEBI ICDR Regulations) from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in, in the hands of such transferee, for the remaining period and compliance with provisions of the Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons prior to the Offer and locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of such transferee and compliance with the applicable provisions of the Takeover Regulations.

13. Our Company does not have any subsisting employee stock option schemes as of the date of this Prospectus.

14. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise.
15. Except as disclosed in this Prospectus under “*Capital Structure - Details of Shareholding of our Promoter, members of the Promoter Group and directors of our Promoter in our Company*” on page 82, none of the members of the Promoter Group, our Promoter, directors of our Promoter, and / or our Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Prospectus.
16. There have been no financing arrangements whereby our Promoter, members of the Promoter Group, directors of our Promoter and / or our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of the Draft Red Herring Prospectus the Red Herring Prospectus and this Prospectus.
17. All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Prospectus.
18. As on the date of this Prospectus, the GCBRLMs and BRLMs, and their respective associates, as defined under the SEBI Merchant Bankers Regulations, do not hold any Equity Shares. The GCBRLMs and BRLMs, and their associates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
19. Our Company has ensured that any transaction in the Equity Shares by the Promoter and the members of the Promoter Group during the period between the date of filing of the Draft Red Herring Prospectus and the date of closure of the Offer were reported to the Stock Exchanges within 24 hours of such transaction.
20. Our Company, the Promoter, our Directors and the GCBRLMs and BRLMs have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares offered through the Offer.
21. Except as disclosed under “*Financial Indebtedness*” on page 437, there are no warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares as on the date of this Prospectus.
22. The Offer was made through the Book Building Process in terms of Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer was available for allocation on a proportionate basis to QIBs, provided that our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third was reserved for domestic Mutual Funds only, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. Further, 5% of the Net QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not more than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) were mandatorily required to utilise the ASBA process providing details of their respective ASBA accounts and UPI ID in case of RIBs using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount was blocked by SCSBs) or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see “*Offer Procedure*” on page 483.
23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

24. Our Promoter and the members of our Promoter Group will not participate in the Offer, except to the extent of the Offer for Sale by our Promoter and the Promoter Group Selling Shareholder.
25. No person connected with the Offer, including, but not limited to, the GCBRLMs and BRLMs, the members of the Syndicate, our Company, our Directors, our Promoter, members of our Promoter Group or Group Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
26. Neither the (i) GCBRLMs and BRLMs or any associate of the GCBRLMs and BRLMs (other than mutual funds sponsored entities which are associates of the GCBRLMs and BRLMs or insurance companies promoted by entities which are associates of the GCBRLMs or BRLMs or AIFs sponsored by the entities which are associates of the GCBRLMs and BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the GCBRLMs and BRLMs); nor (ii) any person related to the Promoter or Promoter Group can apply under the Anchor Investor Portion.
27. Except as disclosed under “- *Notes to Capital Structure*” on page 76, our Company has not undertaken any public issue of securities or any rights issue of any kind or class of securities since its incorporation.



## OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and an Offer for Sale.

### Offer for Sale

Each of the Selling Shareholders will be entitled to the proceeds of the Offer for Sale after deducting their respective portion of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. Other than the listing fees for the Offer and expense on account of corporate advertisements (which shall be exclusively borne by our Company), all cost, fees and expenses in respect of the Offer will be shared among our Company and the Selling Shareholders, respectively, in proportion to the proceeds received from the Fresh Issue and their respective portions of the Offered Shares, as may be applicable, upon the successful completion of the Offer.

### Fresh Issue

#### Requirement of funds

We propose to utilise the Net Proceeds towards funding the following objects:

1. Early redemption of NCDs issued by our Company, in full (“NCD Redemption”); and
2. General corporate purposes

(collectively, the “Objects”).

In addition, we expect to achieve the benefits of listing of the Equity Shares on the Stock Exchanges which, we believe, will result in the enhancement of our brand name and creation of a public market for our Equity Shares in India.

#### Proceeds of the Fresh Issue

The details of the proceeds of the Fresh Issue are set forth below:

(In ₹ million)

Particulars	Amount
Gross Proceeds of the Fresh Issue	Up to 13,000
(Less) Offer related expenses in relation to the Fresh Issue <sup>(1)*</sup>	346.30
<b>Net Proceeds</b>	<b>12,653.70</b>

<sup>(1)</sup> All the fees and expenses relating to the Offer (other than listing fees) shall be shared amongst our Company and the Selling Shareholders, upon successful completion of the Offer, as mutually agreed to amongst the Company and the Selling Shareholders.

#### Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in the following manner:

(In ₹ million)

Particulars	Amount
NCD Redemption	12,382.50
General corporate purposes	271.20
<b>Total</b>	<b>12,653.70</b>

The main objects of our Memorandum of Association enable us to carry on our existing business activities, and the activities for which funds are being raised through the Fresh Issue.

#### Schedule of Implementation and Deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(In ₹ million)

Particulars	Total estimated costs	Amount to be funded from Net Proceeds	Estimated deployment of Net Proceeds in Financial Year 2022
NCD Redemption	12,382.50	12,382.50	12,382.50
General corporate purposes	271.20	271.20	271.20
<b>Total</b>	<b>12,653.70</b>	<b>12,653.70</b>	<b>12,653.70</b>

We propose to redeem the entire NCDs from the Net Proceeds to the extent of an aggregate amount of ₹ 12,382.50 million within 90 days from the date on which the Net Proceeds are available to our Company for utilisation and utilise the balance Net Proceeds towards the Objects by the end of Financial Year 2022.

The deployment of funds indicated above is based on management estimates, current circumstances of our business and prevailing market conditions, which are subject to change. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as financial and market conditions, competition, business and strategy and interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. For details, see “*Risk Factors - Any variation in the utilization of the Net Proceeds as disclosed in this Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company*” on page 53.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and/or debt arrangements from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

#### ***Details of the Objects of the Offer***

##### **1. Early redemption of Non-Convertible Debentures issued by our Company, in full**

Our Company has issued non-convertible debentures on certain specified terms and conditions aggregating to ₹ 12,700 million (“NCDs”). For further details of the NCDs, including indicative terms and conditions thereof, see “*Financial Indebtedness*” on page 437. As at May 31, 2021, the outstanding NCDs aggregated to ₹ 12,382.50 million.

Our Company proposes to utilise an aggregate amount of ₹12,382.50 million from the Net Proceeds towards early redemption of the NCDs in full. Given the nature of the NCDs and the terms of redemption, the aggregate outstanding amounts under the NCDs may vary from time to time.

The early redemption of the NCDs in full will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that our improved leverage ratio, consequent to such redemption of NCDs, will improve our ability to raise debt in the future to fund potential business development opportunities and plans.

The tenure of the NCDs is for seven years from the date of first allotment i.e December 20, 2019 with an interest rate of 17.5% p.a. The NCDs are unlisted NCDs and their maturity date is December 19, 2026. The lock in period of NCDs is eighteen months from the first deemed date of allotment (i.e from December 20, 2019 to June 19, 2021). In accordance with the terms of Debenture Trust Deed dated December 18, 2019, the NCD holders are, on a date which is thirty days prior to the fourth anniversary of the first date of allotment, being November 20, 2023 and any time thereafter, entitled in their sole discretion to, require our Company to redeem the NCDs, in full for all NCD Holders. The Offer Proceeds allocated for early redemption of NCDs will be utilised by 90 days from the date on which the Net Proceeds are available to our Company for utilization. The following table provides details of the NCDs, which may be redeemed, in full, from the Net Proceeds to the extent of an aggregate amount of ₹ 12,382.50 million:

Sr. No.	Name of debenture trustee	Amount sanctioned (in ₹ million)	Amount outstanding* (in ₹, as of May 31, 2021)	Interest / coupon rate (%)	Redemption period	Prepayment conditions	Break-up of the purpose of borrowing
1.	IDBI Trusteeship Services Limited	12,700	12,382.50	17.50 p.a.	Seven years from the first deemed date of allotment, being, December 20, 2019.	<p>The prepayment is subject to a lock-in period of 18 months from the first deemed date of allotment, being December 20, 2019 (“<b>Lock-in Period</b>”).</p> <p>Our Company may redeem the NCDs at anytime after the expiry of the Lock-in Period by furnishing a 30 days advance notice to the debenture trustee.</p> <p>Any redemption prior to the expiry of the Lock-in Period accrues an amount equivalent to the nominal value of the NCDs, interest for the entire lock in period i.e. at 17.5% p.a., as well as default interest (if applicable), costs, charges, fees and any other monies/amounts due and payable to the debenture holders, their trustees, agents or advisors.</p>	<ul style="list-style-type: none"> <li>• Repayment of certain borrowings availed by our Company - ₹ 695.00 million;</li> <li>• Investment in the affiliates of our Company - ₹ 4,822.00 million invested in Sanmar Group International Ltd by way of Compulsorily Convertible Preference Shares of Rs. 10 each);</li> <li>• Funding of the debt service reserve account - ₹ 554.00 million ;</li> <li>• Payment of upfront interest to the holders of the debentures - ₹ 254.00 million; and</li> <li>• Repayment of advances received from SHL by our Company - ₹ 6,375.00 million.</li> </ul>

<sup>(1)</sup> In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purpose availed, the Company has obtained the requisite certificate.

\* The outstanding amount does not include any accrued interest.

As on May 31, 2021, NCDs are held as follows:

NCD Holder	No. of NCDs held, of ₹ 97,50,000 each
Goldman Sachs India AIF Scheme - 1, Securities, Services, 3rd Floor, 23-25, Mahatma Gandhi Road, Fort, Mumbai, Maharashtra(Alternative Investment Fund Category II)	701
Apollo Credit Holdings Ii Pte Ltd, Sms Dept, 1st Floor Empire Complex, 414 S B Marg Lower, Parel, Mumbai, Maharashtra(Foreign Portfolio Investor – Corporate 2)	392
Standard Chartered Bank (Singapore), Limited, Securities Services, 3rd Floor, 23-25, Mahatma Gandhi Road, Fort, Mumbai, Maharashtra(Foreign Portfolio Investor – Corporate 1)	177

## 2. General Corporate Purposes

We propose to deploy the balance Net Proceeds aggregating to ₹ 271.20 million (net of expenses in relation to the Fresh Issue) towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which we propose to utilise the Net Proceeds include meeting day to day expenses such as payment of salary and allowances, purchase of inventory, long term or short term working capital requirements, investment in our subsidiaries, or other activities in the ordinary course of business. In addition to the above, we may utilise the Net Proceeds towards other expenditure in the ordinary course of business, as considered expedient and as approved periodically by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including the necessary provisions of the Companies Act.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and our business requirements, from time to time. Our management, in accordance with the policies of our Board, shall have flexibility in utilising surplus amounts, if any.

### *Means of Finance*

The funding requirements for NCD Redemption are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75.0% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals, as prescribed under the SEBI ICDR Regulations. Subject to applicable law, if the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25.0% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations. In case of a shortfall in raising the requisite capital from the Net Proceeds or an increase in the total estimated cost of the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilisation of funds earmarked for the purpose set forth above, increased funding requirements for a particular purpose may be financed by surplus funds, if any, available in respect of other purposes for which funds are being raised in the Fresh Issue. For further details, see “*Risk Factors – Any variation in the utilisation of the Net Proceeds as disclosed in this Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.*” on page 53. We may vary the Objects in the manner provided in “*Objects of the Offer – Variation in Objects*” on page 94.

### *Interim use of Net Proceeds*

We, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board or a duly constituted committee thereof.

In accordance with the Companies Act, 2013, we confirm that we shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### *Bridge Financing Facilities*

We have not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds.

### *Offer Expenses*

The total Offer related expenses are estimated to be approximately ₹ 991.73 million. The Offer related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the GCBRLMs and BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank, Public Offer Account Bank, Refund

Bank including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All the fees and expenses relating to the Offer shall be shared amongst our Company and the Selling Shareholders, upon successful completion of the Offer, as mutually agreed to amongst the Company and the Selling Shareholders. Further, the Selling Shareholders shall reimburse our Company for all expenses, incurred by our Company in relation to the Offer for Sale on their behalf in accordance with applicable law. The break-up for the estimated Offer expenses are as follows:

Activity	Estimated expenses (₹ in million)	As a % of total estimated Offer related expenses	As a % of Offer size
Fees payable to the GCBRLMs and BRLMs including underwriting commission, brokerage and selling commission, as applicable	681.45	68.71%	1.77%
Advertising and marketing expenses	31.61	3.19%	0.08%
Printing and stationery expenses	18.84	1.90%	0.05%
Fees payable to Registrar to the Offer	0.76	0.08%	0.00%
Commission/processing fee for SCSBs, Sponsor Bank and Bankers to the Offer. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs (1)(2)(3)(4)(5)	45.93	4.63%	0.12%
Others (Listing fees, SEBI filing fees, upload fees, BSE & NSE processing fees, book building software fees and other regulatory expenses, fees for the legal counsel, Statutory Auditor, Independent Chartered Engineer, and the Independent Chartered Accountant appointed for the purpose of the Offer etc.)	213.15	21.49%	0.55%
<b>Total estimated Offer expenses</b>	<b>991.73</b>	<b>100%</b>	<b>2.58%</b>

(1) Selling commission payable to the SCSBs on the portion of Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Bidders*	0.35% of the Amount Allotted (plus applicable taxes)
Portion for Non-Institutional Bidders*	0.20% of the Amount Allotted (plus applicable taxes)

\*Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional bidding charges shall be payable by the Company and Selling Shareholders to the SCSBs on the applications directly procured by them.

The Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE and NSE.

(2) Processing fees payable to the SCSBs of ₹10 per valid application (plus applicable taxes) for processing the Bid cum Application Forms of Retail Individual Bidders and Non-Institutional Bidders procured from the Syndicate/Sub-Syndicate Member/Registered Broker/RTAs/CDPs and submitted to SCSB for blocking.

(3) Brokerages, selling commission and processing/uploading charges on the portion for Retail Individual Bidders (using the UPI mechanism), portion for Non-Institutional Bidders, which are procured by members of the Syndicate (including their Sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts-linked online trading, demat and bank account provided by some of the brokers which are members of the Syndicate (including their Sub-Syndicate Members) would be as follows:

Portion for Retail Individual Bidders	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.20% of the Amount Allotted* (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

(4) The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

The payment of Selling Commission payable to the sub-brokers / agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member.

The Selling Commission payable to the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

(5) Uploading charges/ Processing charges of ₹30 per valid application (plus applicable taxes) are applicable only in case

of bid uploaded by the members of the Syndicate, RTAs and CDPs:

- for applications made by Retail Individual Investors using the UPI Mechanism

(6) Uploading charges/ Processing Charges of ₹10 per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:

- for applications made by Retail Individual Bidders using 3-in-1 type accounts
- for Non-Institutional Bids using Syndicate ASBA mechanism / using 3-in-1 type accounts,

The Bidding/uploading charges payable to the Syndicate / Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Selling commission payable to the registered brokers on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows:

Portion for Retail Individual Bidders and Non-Institutional Bidders	₹ 10 per valid application* (plus applicable taxes)
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\* Based on valid applications.

(7) The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows

Sponsor Bank	₹8 per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.
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\* Based on valid applications.

### **Appraising Entity**

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency, including any bank or finance institutions.

### **Monitoring Agency**

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company has appointed a monitoring agency for monitoring the utilisation of the Net Proceeds. Our Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilisation of the Net Proceeds, including interim, use under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such unutilised Net Proceeds.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

### **Variation in Objects**

In accordance with the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without being authorised to do so by our Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution (“**Postal Ballot Notice**”) shall specify the prescribed details as required under the Companies Act, 2013 and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Tamil, the regional language of the jurisdiction where our Registered Office is located. In accordance with the Companies Act, 2013, our Promoter will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

#### **Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies. Except in the normal course of business and in compliance with applicable law, there are no existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoter, Promoter Group, our Directors, our Key Managerial Personnel or our Group Companies.

## BASIS FOR OFFER PRICE

The Offer Price has been determined by our Company and the Selling Shareholders, in consultation with the GCBRLMs and BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 5 each and the Offer Price is 106 times the face value of the Equity Shares at the lower end of the Price Band and 108.20 times the face value at the higher end of the Price Band.

Bidders should read the below mentioned information along with “Our Business”, “Risk Factors”, “Restated Consolidated Summary Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 136, 32, and 398, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

1. Strong market position in speciality chemicals;
2. Well-positioned to capture favorable industry dynamics;
3. Leadership position in an industry with high barriers to entry;
4. Vertically integrated operations;
5. Quality manufacturing facilities with a strong focus on sustainability;
6. Operational excellence;
7. Strong parentage and experienced management team.

For further details, see “Our Business – Competitive Strengths” on page 138.

### Quantitative Factors

Certain information presented below, relating to our Company, is derived from the Restated Consolidated Summary Statements. For further details, see “Restated Consolidated Summary Statements” on page 199.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### 1. Basic and Diluted Earnings Per Share (“EPS”), as adjusted for changes in capital, as per Ind-AS 33 Earnings per share:

As derived from the Restated Consolidated Summary Statements:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year 2021	30.60	30.60	3
Financial Year 2020	2.04	2.04	2
Financial Year 2019	4.53	4.53	1
<b>Weighted Average</b>	<b>16.74</b>	<b>16.74</b>	<b>-</b>

Notes:

Pursuant to our board resolution dated January 30, 2021, and shareholders’ resolution dated March 24, 2021, equity shares of face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 67,040,000 equity shares of face value of ₹ 10 each was sub-divided into 134,080,000 equity shares of face value of ₹ 5 each. Sub-division of equity shares are retrospectively considered for the computation of EPS in accordance with Ind AS 33 for all years presented.

Basic EPS = 
$$\frac{\text{Restated consolidated net profit after tax for the year}}{\text{Weighted average number of equity shares outstanding during the year}}$$

Diluted EPS = 
$$\frac{\text{Restated consolidated net profit after tax for the year}}{\text{Weighted average number of diluted equity shares outstanding during the year}}$$



## 2. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ 530 to ₹ 541 per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on Basic EPS for Financial Year 2021	17.32	17.68
Based on Diluted EPS for Financial Year 2021	17.32	17.68

### Industry P/E ratio

	P/E Ratio
Highest	73.8
Lowest	15.0
Industry Composite	43.1

Notes:

(1) The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. For further details, see “– Comparison of Accounting Ratios with Listed Industry Peers” on page 97.

## 3. Weighted Average Return on Net Worth (“RoNW”)

As derived from the Restated Consolidated Summary Statements of our Company:

Particulars	RoNW %	Weight
Financial Year 2021	NA*	3
Financial Year 2020	5.45%	2
Financial Year 2019	8.39%	1
Weighted Average	NA*	-

Notes:

Return on Net Worth (%) =  $\frac{\text{Restated consolidated net profit after tax for the year}}{\text{Restated consolidated net worth as at the end of year}}$

The above net worth is after excluding the asset revaluation reserve of ₹ 15,159.07 million (2021)/ ₹ 10,664.92 million (2020) and ₹ 10,882.58 million (2019).

Net Profit after tax for the year considered before adjustment of other comprehensive income. However, net worth is considered inclusive of other comprehensive income.

\* NA since networth is negative

## 4. Net Asset Value per Equity Share

Net Asset Value per Equity Share	(₹ per share)
As on March 31, 2021	(139.15)
After the completion of the Offer	(35.78)
Offer Price	541

Notes:

Net Asset Value per equity share =  $\frac{\text{Restated consolidated net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$

## 5. Comparison of Accounting Ratios with Listed Industry Peers

Name of Company	Face Value	Total income, for Financial Year 2021	EPS, for Financial Year 2021 (₹)		NAV, as on March 31, 2021 <sup>(4)</sup>	P/E <sup>(1)</sup>	P/B <sup>(5)</sup>	RoNW, as on March 31, 2021 <sup>(2)(3)</sup> (%)
	(₹ Per Share)	(in ₹ million)	Basic	Diluted	(₹ per share)			
Chemplast Sanmar Limited	5	38,151.08	30.60	30.60	(139.15)	17.68	NA	NA
<b>Listed peers</b>								
PI Industries Limited	1	47,019.00	49.92	49.89	351.47	58.94	8.37	13.82%
SRF Limited	10	84,546.30	205.59	205.59	1,157.03	24.68	6.52	17.47%
Finolex								23.50%

Name of Company	Face Value	Total income, for Financial Year 2021	EPS, for Financial Year 2021 (₹)		NAV, as on March 31, 2021 <sup>(4)</sup>	P/E <sup>(1)</sup>	P/B <sup>(5)</sup>	RoNW, as on March 31, 2021 <sup>(2)(3)</sup> (%)
	(₹ Per Share)	(in ₹ million)	Basic	Diluted	(₹ per share)			
Industries <sup>(6)</sup>	2	35,343.70	11.89	11.89	50.59	14.97	3.52	
Navin Fluorine International Limited	2	12,584.37	52.03	51.96	165.06	73.80	23.26	15.76%

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual report of the company for the year ended March 2021.

Notes:

(1) P/E Ratio has been computed based on the closing market price of equity shares on BSE on July 8, 2021, divided by the Basic EPS.

(2) RoNW is computed as net profit after tax (including profit attributable to non-controlling interest) divided by closing net worth.

(3) Net worth has been computed as sum of paid-up share capital and other equity.

(4) NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

(5) P/B Ratio has been computed based on the closing market price of equity shares on BSE on July 8, 2021, divided by NAV as on March 31, 2020.

(6) Finloex Industries has done a share split to Face Value of ₹ 2 per share from Face Value of ₹ 10 per share with effect from 15th April 2021. PE and P/B for Finloex Industries are adjusted for the split.

The Offer Price is 108.20 times of the face value of the Equity Shares. The Offer Price of ₹ 541 has been determined by our Company and Selling Shareholders, in consultation with the GCBRLMs and BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. The trading price of Equity Shares could decline due to factors mentioned in “Risk Factors” on page 32 and you may lose all or part of your investments. Investors should read the above mentioned information along with “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 32, 136, 398, and 199 respectively, to have a more informed view.

## STATEMENT OF SPECIAL TAX BENEFITS

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CHEMPLAST SANMAR LIMITED (THE “COMPANY”), ITS SHAREHOLDERS AND CHEMPLAST CUDDALORE VINYLs LIMITED (“MATERIAL SUBSIDIARY”) UNDER THE APPLICABLE TAX LAWS IN INDIA

The Board of Directors  
Chemplast Sanmar Limited  
9, Cathedral Road, Chennai 600 086  
Tamil Nadu, India

Dear Sirs,

#### **Statement of Special Tax Benefits available to the Company, its shareholders and its Material Subsidiary under the Indian tax laws**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the “Annexures”), prepared by the Company and its Material Subsidiary (collectively referred as “the Companies”), provides the special tax benefits available to the Companies, and to the shareholders of the Company as stated in those Annexures, under:

- the Income-tax Act, 1961 (the “Act”) as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-22 relevant to the Assessment year 2022-23, presently in force in India and
- the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) as amended from time to time, presently in force in India.

The Act, the GST Act, Customs Act and Tariff Act, as defined above, are collectively referred to as the “Relevant Acts”.

2. This statement can be included in the (i) red herring prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies, Chennai (“Registrar of Companies”); and (ii) prospectus proposed to be filed with SEBI, the Stock Exchanges and the Registrar of Companies for the proposed initial public offer through a fresh issuance of equity shares of face value Rs 5 each, of the Company: and offer for sale by the certain selling shareholders of the Company (the “Proposed IPO”), as required under the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
3. Several of these benefits are dependent on the Company, or its shareholders, or its Material Subsidiary fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Companies to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Companies faces in the future, the Company or its shareholders or its Material Subsidiary may or may not choose to fulfil.
4. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the management of the Companies. We are informed that these Annexures are only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed IPO by the Company.
5. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders or its Material Subsidiary will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.

6. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Companies and on the basis of their understanding of the business activities and operations of the Companies.
7. This Statement is issued solely in connection with the Proposed IPO and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W / E300004

**Aravind K**

Partner

Membership Number: 221268

Place of Signature: Chennai

Date: July 17, 2021

## ANNEXURE 1

### STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY UNDER THE APPLICABLE LAWS IN INDIA – INCOME-TAX ACT, 1961

1. Outlined below are the special tax benefits available to the Company, its Shareholders and its Material Subsidiary under the Income-tax Act, 1961 (the “Act”) as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment year 2022-23, presently in force in India.
2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. **Special tax benefits available to the Companies**

#### 3.1 Deductions from the Gross Total Income – Section 80JJAA of the Act – Deduction in respect of employment of new employees

As per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

#### 3.2 Lower corporate tax rate under Section 115BAA of the Act

Section 115BAA of the Act has been inserted by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) w.e.f. Assessment year April 1, 2020 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail the following deductions/exemptions:

- i) Deduction under the provisions of section 10AA (deductions in respect of newly established Units in Special Economic Zones);
- ii) Deduction under clause (iia) of sub-section (1) of section 32 (Additional Depreciation);
- iii) Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in notified backward areas in certain states, Investment deposit account, site restoration fund);
- iv) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research);
- v) Deduction under section 35AD or section 35CCC (Deduction in respect of expenditure on specified business, expenditure on agricultural extension project);
- vi) Deduction under section 35CCD (Expenditure on skill development project);
- vii) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;
- viii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above; and
- ix) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above.

In case a company opts for section 115BAA of the Act, provisions of Minimum Alternate Tax [“MAT”] under section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available. The option needs to be exercised on or before the due date of filing the tax return in prescribed manner. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

The Company has not opted for concessional tax rate under section 115BAA for the Assessment Year 2020-21.

The Material Subsidiary has opted for concessional tax rate under section 115BAA for the Assessment Year 2020-21.

### 3.3 Additional Depreciation

The Company is entitled to claim additional depreciation of a sum equal to 20 percent of the actual cost of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2005 under section 32(iia) of the Act, subject to conditions specified in the said section of the Act.

### 4. **Special tax benefits available to the Shareholders of the Company**

There are no special tax benefits available to the Shareholders of the Company for investing in the shares of the Company.

Notes:

1. This Annexure sets out only the special tax benefits available to the Company, its Shareholders and its Material Subsidiary under the current Income-tax Act, 1961 ('the Act') as amended by the Finance Act, 2021 applicable for the Financial Year 2021-22 relevant to the Assessment Year 2022-23, presently in force in India.
2. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
3. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
4. Several of these benefits are dependent on the Company, or its Shareholders or its Material Subsidiary fulfilling the conditions prescribed under the relevant tax laws.
5. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Proposed IPO.
6. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.
7. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

**For Chemplast Sanmar Limited**

Chief Financial Officer

Place: Chennai

Date: July 17, 2021

## ANNEXURE 2

### **STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS WHOLLY OWNED SUBSIDIARY CHEMPLAST CUDDALORE VINYLs LIMITED, (HEREAFTER REFERRED TO AS “MATERIAL SUBSIDIARY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – OTHERS**

Outlined below are the special tax benefits available to the Company and its Material Subsidiary under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“GST Acts”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended from time to time, Foreign Trade Policy 2015-20 as extended till September 30, 2021 vide Notification No. 60/2015-20 dated March 31, 2021 (unless otherwise specified), presently in force in India.

#### **I. Special tax benefits available to the Company and its Material Subsidiary**

The Company and its Material Subsidiary are availing / eligible for the following benefits under Indirect Taxes:

1. In accordance with Section 54 of the CGST Act 2017, input tax credit paid on inputs and input services used in manufacture of exported goods/ IGST paid at the time of export of goods are eligible for refund, subject to prescribed conditions.
2. Duty drawback of duty paid on import of materials used in manufacture of export goods under Section 75 of the Customs Act.
3. Duty credit scrips under Merchandise Export from India Scheme (“MEIS”) covered in Chapter 3 – Exports from India Scheme in Foreign Trade Policy 2015-20 as extended till December 31, 2020 Further, the MEIS benefit for export of goods during September 1, 2020 to December 31, 2020 would not exceed INR 2 crore. However, the Cabinet has approved a WTO compliant scheme Remission of Duty and Taxes on Exported Products (“RODTEP”) to determine mechanism for reimbursement of taxes, duties/levies at central, state and local level. The scheme comes into force from January 1, 2021 and replaces MEIS.
4. In terms of Notification No. 18/2015 – Customs dated April 1, 2015 (and as amended from time to time), materials imported against Advance Authorisation License under Foreign Trade Policy 2015-20, are exempt from payment of customs duty, additional duty, safe-guarding duty and anti-dumping duty, integrated and compensation cess. Further, the said exemption has been extended till 31.03.2022.
5. In terms of Notification 50/2017- Customs dated June 30, 2017, (and as amended from time to time) exemption is available from duty of customs (specified in First Schedule to Customs Tariff Act) as is in excess of the amount calculated at the standard rate specified in the Notification and from so much of integrated tax leviable thereon under Section 3(7) of the said Customs Tariff Act, in excess of the rate specified in the Notification, subject to fulfilment of prescribed conditions.
6. For certain specified products that the Company and its Material Subsidiary imports from countries with which India has a preferential trade agreement, exemption from payment of duty / benefit of reduced duty of customs is available subject to fulfilment of prescribed.

Out of the above listed items, its Material Subsidiary is not eligible to / not availing benefits listed in 3 and 4 and are availing the other benefits listed herein.

#### **II. Special tax benefits available to the Shareholders of the Company**

There are no special indirect tax benefits available to the shareholders of the Company.

Notes:

1. This Annexure sets out only the special tax benefits available to the Company, its Material Subsidiary and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“GST Acts”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended from

time to time, Foreign Trade Policy 2015-20 as extended till September 30, 2021 (unless otherwise specified), presently in force in India.

2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed Issue.
3. During the period April 2020 to March 2021, the Company its Material Subsidiary intends to:
  - i) avail above mentioned exemption, benefits and incentives under indirect tax laws
  - ii) export goods outside India
  - iii) import goods from outside India
4. This annexure covers only indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
5. These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

**For Chemplast Sanmar Limited**

Chief Financial Officer  
Place: Chennai  
Date: July 17, 2021



## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

The information contained in this section, unless otherwise specified, is derived from a report titled “Market assessment of PVC, caustic soda, chloromethanes, hydrogen peroxide and custom manufacturing” dated March 2021 prepared by CRISIL Limited (the “**CRISIL Report**”), who we appointed on January 23, 2021, and commissioned and paid for by our Company in connection with the Offer. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See “Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data” on page 19.

#### Specialty paste PVC resin

##### *PVC and its types*

Poly Vinyl Chloride (“**PVC**”) resins are derived from its monomer, Vinyl Chloride Monomer (“**VCM**”). VCM is polymerised to obtain PVC. All types of PVC resins are sold in the form of white or off white powder. The polymer degrades under high temperature and hence is invariably fortified with additives, known as stabilizers, before processing to yield useful products.

Essentially, PVC resins can be classified in to:

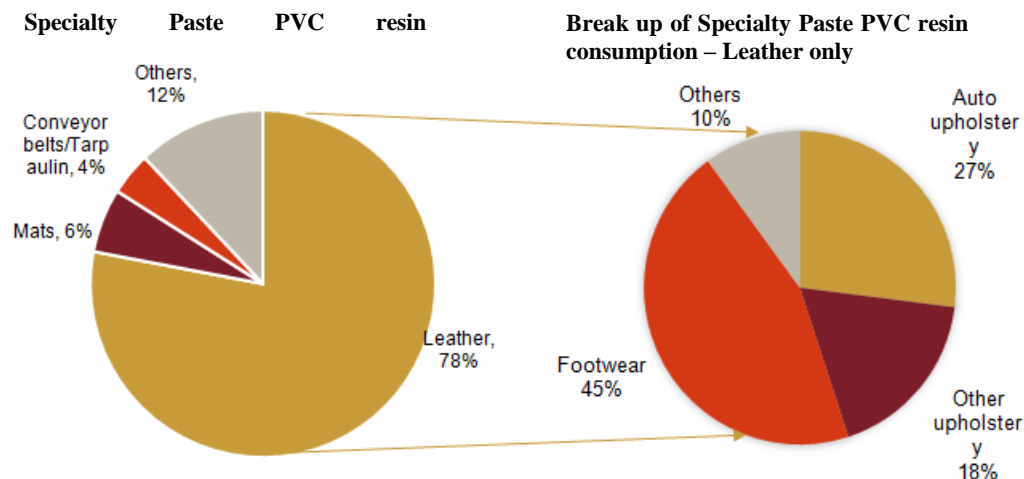
- Suspension resin;
- Specialty paste resin, also called emulsion or dispersion resin or micro-suspension resin; and
- Copolymer resin.

Specialty 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 specialty paste PVC resin is a specialty product. In India, our Company and Finolex Industries Limited (Finolex Industries) are the only producers of specialty paste grade PVC resin.

##### *Specialty paste PVC resin market in India*

The specialty paste PVC resin market size in India was at 143 kilo tons per annum (“**KTPA**”) in financial year 2020. The market has been growing at a compound annual growth rate (“**CAGR**”) of 3% between financial years 2015 and 2020, driven by growth in the leather cloth industry, which contributes to 78% of the demand.

India’s specialty paste PVC resin consumption by end-use (financial year 2020) is shown below:

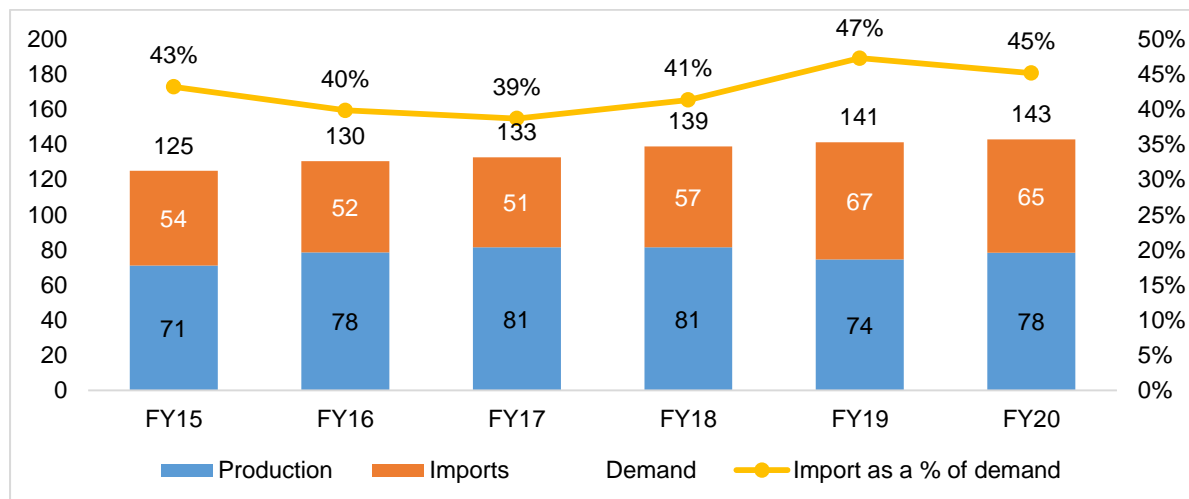


Source: CRISIL Research

Only two producers in India, namely our Company (capacity 66 KTPA) and Finolex Industries Limited (capacity of 22 KTPA) produce specialty paste PVC resin.

Total production of specialty paste PVC resin in India in financial year 2020 stood at 78 KTPA against a demand of 143 KTPA. Hence, 45% of the demand was met through imports.

India specialty paste PVC resin demand by source (in KT)- historical

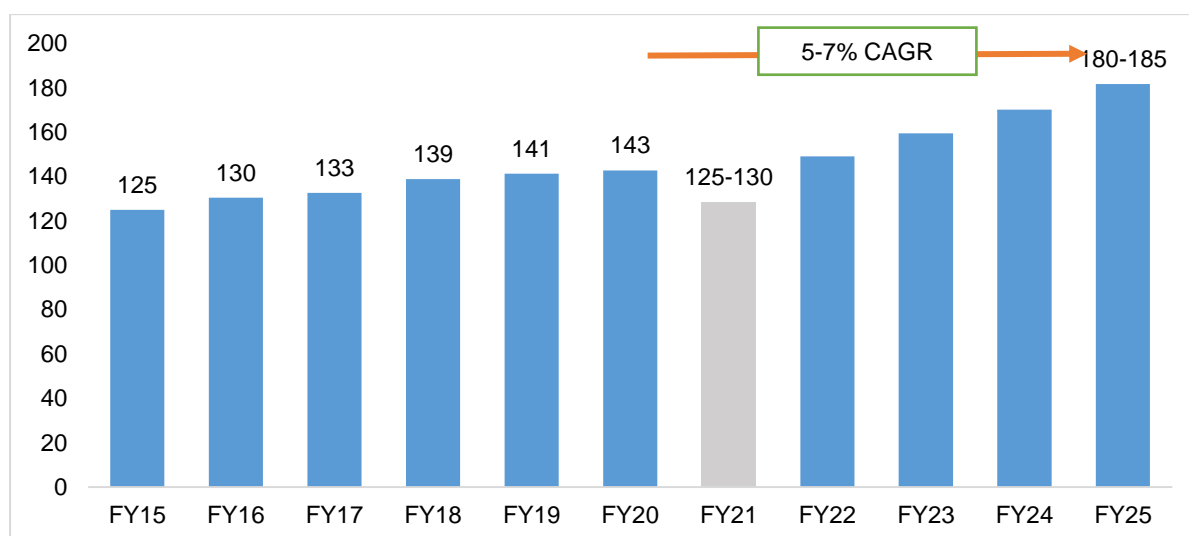


Source: CRISIL Research

**Specialty paste PVC resin demand to grow at 5-7% CAGR over next five financial years**

Demand is expected to grow 5-7% CAGR between financial years 2020 and 2025 to 182 KT. With the economy reviving in financial year 2022, we expect demand from various end-user industries to recover. As a result, specialty paste PVC resin demand is expected to rebound 15-17% on-year in financial year 2022, from a sharp drop this financial year. Moreover, demand growth is likely to remain healthy at 6-8% CAGR between financial years 2022 and 2025.

Outlook on specialty paste PVC resin consumption (in KT)



Source: CRISIL Research

**Structural changes in the specialty paste PVC resin market**

The specialty paste PVC resin market has been undergoing structural changes globally with many plants

witnessing permanent shutdowns. Some of the key plant shutdowns were:

- LG Chem -90 KTPA in Korea – 2019;
- Dongxing Chemical Co. Ltd. – 100 KTPA in China – 2019;
- Vinnolit – 100 KTPA in UK and Germany – 2020; and
- Formosa Plastics Corp- 65 KTPA in Delaware, USA –2018.

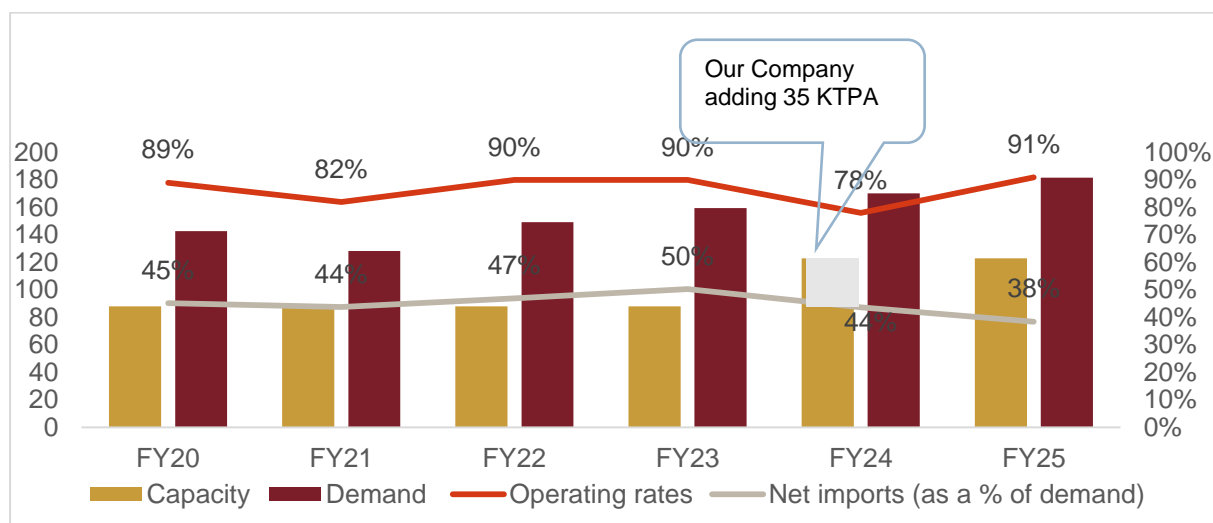
As a result, India’s imports of specialty paste PVC resin have shifted from South Korea (which held 44% share in imports in financial year 2016) to countries like China, Japan and Taiwan in financial year 2020. South Korea’s share fell to 7% in financial year 2020, post shutdown of the LG Chem speciality paste PVC plant and tightness in supply.

***Import dependence to continue in medium term***

Over the next five financial years, though, the operating rates of domestic specialty paste PVC resin producers are expected to remain high on account of healthy demand growth.

Our Company is planning to add a 35 KT capacity at Cuddalore, which is expected to come onstream in financial year 2024. Demand is expected to increase at 5-7% CAGR between financial years 2020 and 2025. Dependence on imports is expected to reduce to 38% of demand.

Outlook on specialty paste PVC resin operating rates



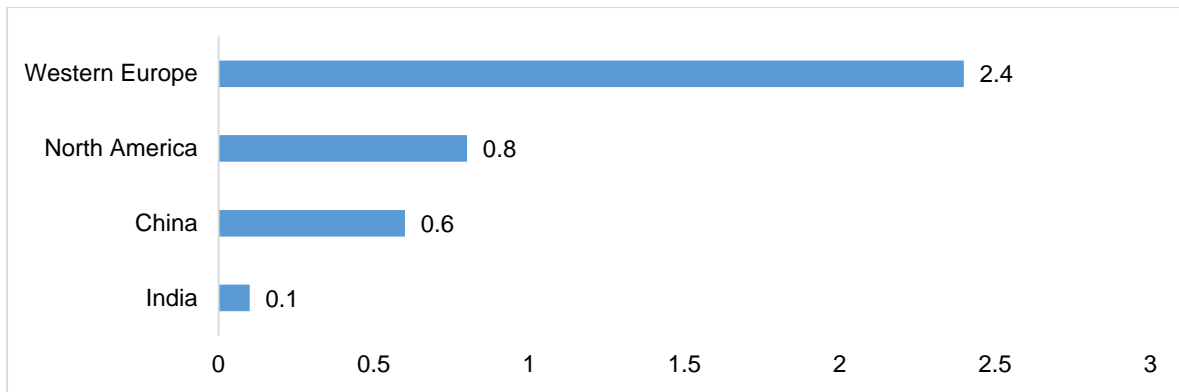
Note: 50% utilisation has been considered for the new 35 KT plant of our Company in financial year 2024;  
Source: CRISIL Research

***Key Growth Drivers***

*Low per-capita consumption compared with other regions*

The per capita consumption of specialty paste PVC resin in India is 0.1 kg compared with China’s 0.6 kg and Western Europe’s 2.4 kg. Thus, the Indian market is fairly underpenetrated and has significant potential for demand growth in the coming years.

Per capita consumption of specialty paste PVC resin (kg, 2019)



Source: CRISIL Research

#### *Lack of substitutes*

Application of specialty paste PVC resin in leather cloth and other end uses has no major substitutes, which is a key factor driving demand growth, going forward.

#### *Leather footwear market has significant growth potential*

Per capita footwear consumption in India is 1.7 pairs, compared to six pairs in developed markets. Assuming that this level of per capita demand for footwear in India will be reached by calendar year 2030, the overall demand for footwear could reach up to 9 billion pairs from 2.3 billion pairs as of today. The market is estimated to have witnessed a sharp decline in financial year 2021 due to a slump in demand induced by the COVID-19 pandemic. However, over a five-year period, demand is expected to recover and grow at 5-6% CAGR between financial years 2020 and 2025.

#### *Automotive market recovering sharply*

CRISIL Research expects the automotive market to grow at 7-9% CAGR between financial years 2020 and 2025. The industry grew at 6% CAGR between financial years 2015 to 2020, pulled down by a decline in demand in financial year 2020.

- Commercial vehicle production is expected to grow by 5-7% in the next 5 years (over a low base of financial year 2020 and despite a weak financial year 2021) on account of improvement in infrastructure expenditure and under penetration in light commercial vehicles. Demand is expected to increase during the period owing to an improvement in industrial activity, rising replacement volume and government's thrust on rural transportation.
- The passenger vehicle production is expected to witness 6-8% growth between financial years 2020 and 2025. Demand is expected to pick up post financial year 2021 due to rising disposable incomes, low passenger vehicle penetration and new model launches. Other factors that would aid demand are increasing urbanisation, government support to farm incomes, and improved availability of finance.
- Two wheeler production is expected to grow by a modest 4-6% CAGR between financial years 2020 and 2025. We expect the medium term demand, especially post financial year 2021, to be supported by rising farm incomes and improving rural infrastructure, especially as the government continues to invest in developing rural roadways.

Moreover, the recently announced vehicle scrappage policy is expected to give a boost to automobile production. Thus, overall demand for automotive upholstery is also expected to witness growth, driven by rising automobile production, thus boosting overall demand for specialty paste PVC resin.

#### *Government initiatives like Make in India to boost investment in artificial leather production*

The Government of India launched the 'Make in India' campaign on September 25, 2014, which is a major initiative designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best-in-class manufacturing infrastructure in India. Attracting foreign direct investments ("FDI") and encouraging joint venture collaborations between foreign and Indian firms to manufacture in India is the major focus of this programme. This will boost domestic manufacturing of artificial leather and reduce dependence on imports.

### *Usage of vinyl gloves rising rapidly post COVID-19 pandemic*

The COVID-19 pandemic has led to a significant surge in the market for vinyl gloves, which use specialty paste PVC resin as a raw material. Not only in India, but countries across the world have been ramping up their usage of vinyl gloves. The world demand has multiplied 3 to 4 times post COVID-19.

The pre COVID-19 per capita consumption of vinyl gloves was 150 to 200 in the USA, 100 to 150 in Europe, 6 to 9 in China and 2 to 3 in India. Considering a population of 1.3 billion, even small increases in per capita consumption of vinyl gloves could lead to a sharp rise in demand in India. The demand is expected to grow, even post COVID-19, as general awareness about health, safety and hygiene is rising across industries.

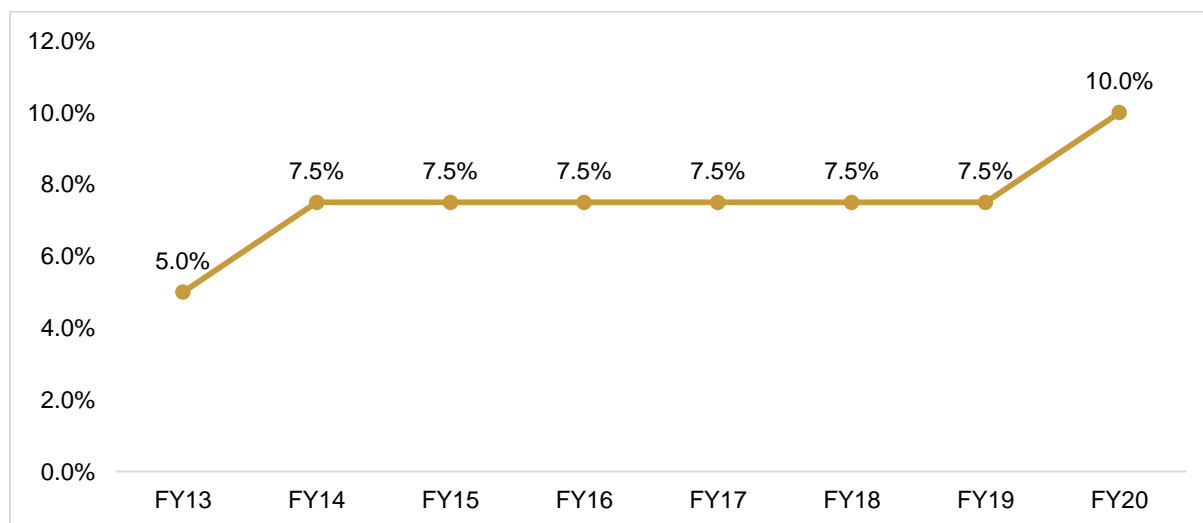
### ***Lack of raw material availability and technology creates barriers to enter specialty paste PVC resin market***

The demand for specialty paste PVC resin has been growing at a healthy pace. However, approximately 50% of the demand is met using imports. Despite healthy demand, no new players have entered the specialty paste PVC resin market in several years. This is largely on account of lack of availability of raw material and technology. Thus, high entry barriers and limited competition is expected to exist benefiting specialty paste PVC resin manufacturers in the medium term.

### ***India's import duty on specialty paste PVC resin is in line with global rates***

Specialty paste PVC resin attracted an import duty of 10% in financial year 2020 in India, up from 7.5% the previous year.

#### *Trend in customs duty on PVC imports*



Source: CRISIL Research

Globally, import duty for polymers (under HS code 39) is 14% in Brazil, 10% in countries like Philippines and Malaysia, whereas it is 6.5% in China, Japan, United States (US) and European Union (EU). Hence, the import duty on PVC in India is more or less in line with duty rates in global economies.

### ***Raw materials for specialty paste PVC resin***

Major raw materials for making PVC are ethylene and chlorine. Ethylene is converted into EDC by reacting either with chlorine (in the direct chlorination process) or with hydrochloric acid (in the oxy chlorination process), then converted into VCM which is further polymerised into PVC. Specialty paste resin is produced either through emulsion polymerisation or through micro-suspension polymerisation.

Ethylene is produced using naphtha or natural gas (ethane or propane component). Their prices are linked to the global demand-supply dynamics and movement in crude oil or natural gas prices.

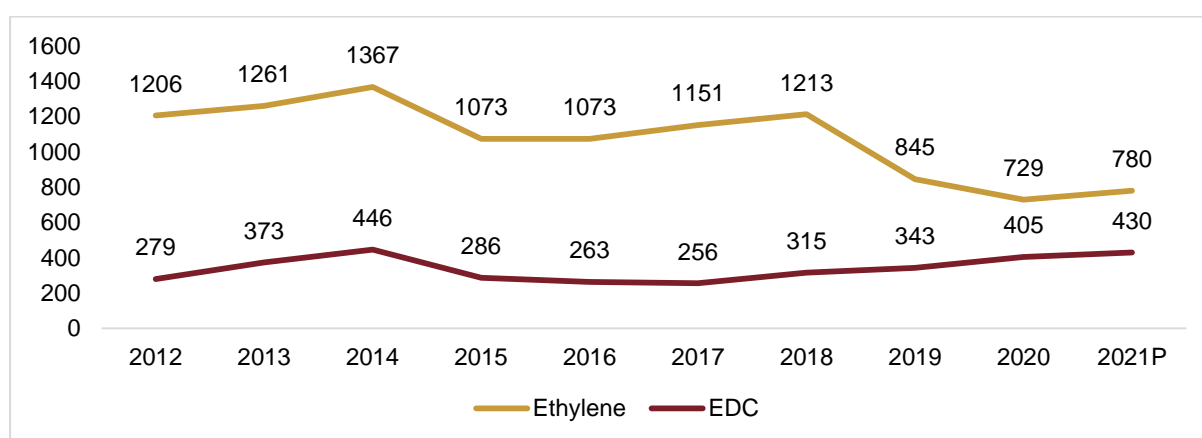
**Ethylene:** Ethylene capacity in India stood at 7.5 million metric tons (mmt) in financial year 2020. Reliance Industries Limited (“**RIL**”) is the largest manufacturer of ethylene in India with a capacity of 3.8 mmt. India

imports ethylene to meet part of its demand requirement. Import duty for ethylene is 2.5%. However, under the India-ASEAN free trade agreement (“FTA”), it is nil.

After declining 30% on-year in 2019, ethylene prices are estimated to have dived further by 14-15% on-year in 2020 to \$730 per MT. The key reason for this is the crash in crude oil prices and global surplus. Furthermore, petrochemicals demand was expected to pick up in 2020 after a relatively weak 2019. Instead, the COVID-19 pandemic dealt another severe blow. Several capacities for ethylene are coming up in the US, due to increasing shale production, as well as in China due to CTO/MTO projects. Moreover, there is a new ethylene export terminal commissioned in Texas. These factors are expected to keep a check on ethylene prices in the medium term.

EDC: India imported 780 KTPA of EDC in financial year 2020. RIL, our Company and Finolex Industries Limited are some of the key EDC producers in India. Saudi Arabia, the US, Qatar, and South Korea are the major countries from where EDC is imported.

#### Trend in ethylene, EDC prices (\$/MT)



Note: We have considered CFR India prices for showcasing price trends; Source: CRISIL Research

#### **Peer Comparison**

As mentioned, our Company and Finolex Industries Limited are the only manufacturers of specialty paste PVC resin in India. Our Company has a plant (capacity 66 KTPA) at Mettur, Tamil Nadu. It also has a capacity to produce EDC at its Karaikal facility and VCM at its Mettur facility. Our Company’s caustic soda plants at Mettur and Karaikal produce chlorine as a joint product, used as an input in the manufacture of EDC. Ethylene required for manufacturing EDC is entirely imported

#### Peer comparison for specialty paste PVC resin as of December 31, 2020

Player	Capacity (KTPA)	Location	Region	Backward integration		
				VCM	EDC	Chlorine
Chemplast Sanmar	66	Mettur (Tamil Nadu)	South	Yes	Yes	Yes
Finolex Industries Ltd*	22	Ratnagiri (Maharashtra)	West	Yes	Yes	No

\*Note: Finolex has an oxy-EDC plant, without direct chlorination EDC plant

Source: Company Reports, CRISIL Research

#### **Custom Manufacturing**

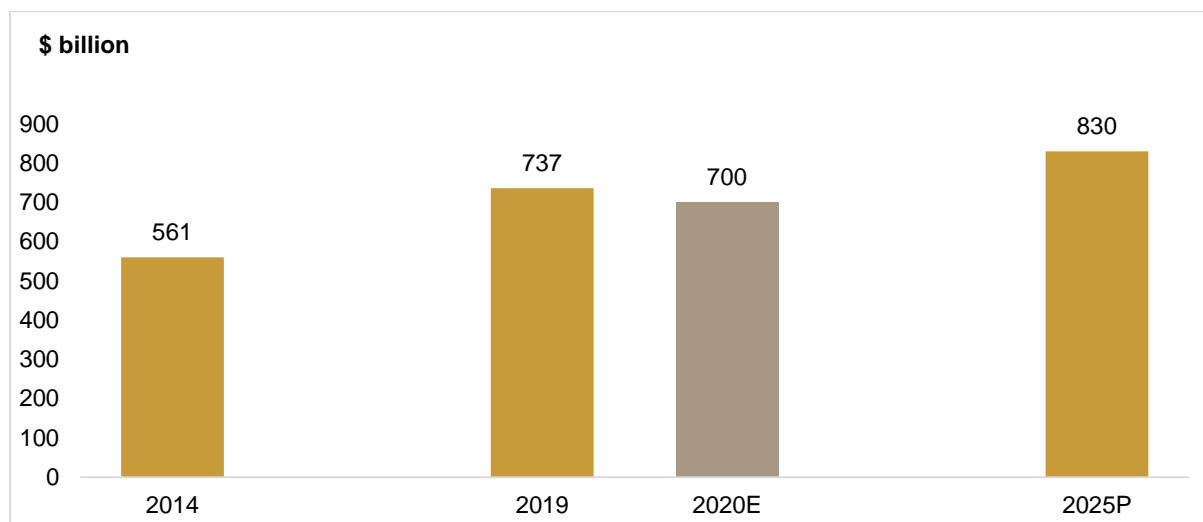
##### **Global specialty chemical overview**

The global chemicals market is segregated into basic chemicals, industrial gases, petrochemicals, polymers, specialty chemicals, and others. China, Japan and the US are leaders in chemicals space.

Speciality chemicals are low volume, high value chemicals with specific applications. These are classified based on end-user industries. Unlike bulk chemicals, speciality chemicals are used in low quantities and are consumed

for specific end-use applications. They are chemical products that are sold on the basis of specific requirement in end-user segments rather than their composition. These chemicals impart a variety of properties to products and have a high degree of value addition.

#### *Global speciality chemical historic trends and forecast*



Source: CRISIL Research, E-estimated, P-projected

#### *Indian specialty chemical overview*

The chemicals industry supports India's agricultural and industrial development. It provides raw materials, intermediates and process chemicals industries such as for agro chemicals, detergents and soaps, textiles, paper, paints, pharmaceuticals, varnish.

Specialty chemicals segment clocked 8-9% CAGR from financial years 2015 to 2020, driven by an increase in domestic consumption from various end-user industries and rising exports. CRISIL Research expects this segment to clock 5-6% CAGR during financial years 2020 to 2025 driven by rising domestic consumption and exports. Exports accounts for 35-40% of revenue for key speciality chemicals players in India.

In financial year 2021, the industry witnessed a de-growth of 5-6% due to slowdown in economic activity which is likely to result in fall in demand from end use industries, The impact is expected to be significant on segments such as polymer additives, textile chemicals and colorants whereas segments such as agrochemicals, surfactants are likely to lend some support.

#### *Understanding custom manufacturing*

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:

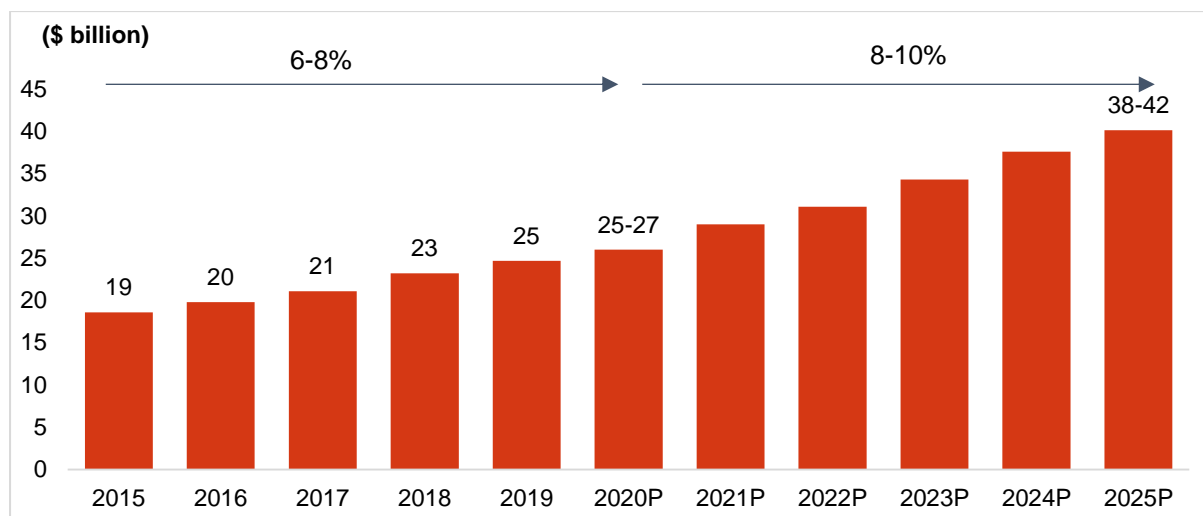
- Non availability of assets at the customer end to handle multi step synthesis; and
- Low cost alternatives for manufacturing of specific molecules in the regions with low cost of production.

#### *Global custom manufacturing market review and outlook*

The global demand for custom manufacturing and synthesis grew from around \$ 19 billion in 2015 to \$ 25-27 billion by 2020, owing to increased demand from the pharmaceutical and agrochemical sector.

Demand is expected to grow at 8-10% between 2020 and 2025 compared with 6-8% between 2015 and 2020.

Global custom manufacturing market, historic trend and forecast (2015-2025)

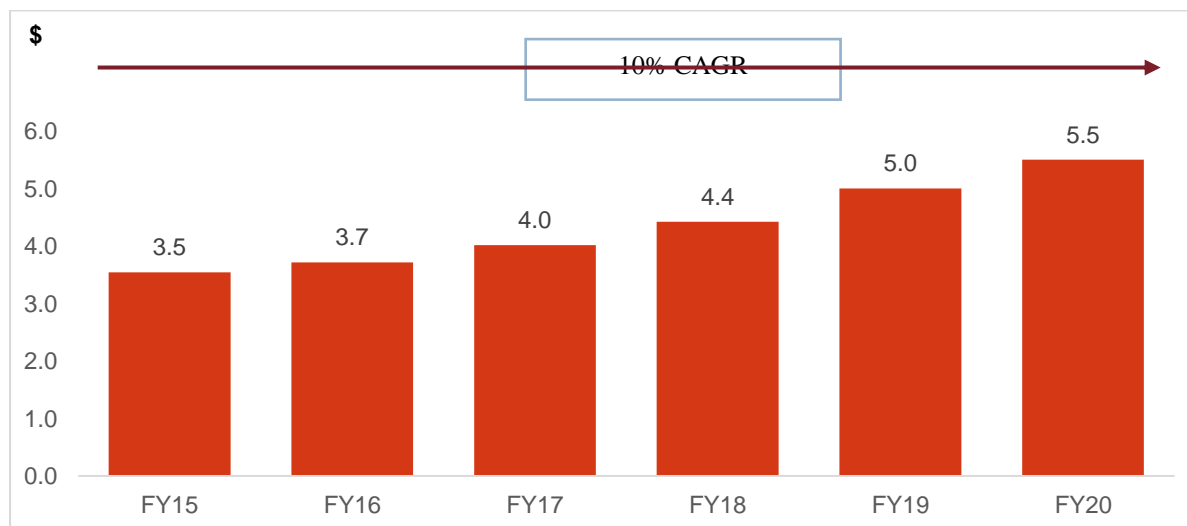


Source: CRISIL Research

**Review of Indian custom manufacturing market**

The size of the custom manufacturing market in India increased at a CAGR of 10% from financial year 2015 to financial year 2020. The Indian market is generally focused on pharmaceutical segment demand from various foreign players in mature markets such as US and Europe. The demand for custom manufacturing has shifted to the developing countries due to developing countries offering better cost economics compared to developed economies.

Indian custom manufacturing demand review (financial year 2015 to financial year 2020)



Source: CRISIL Research

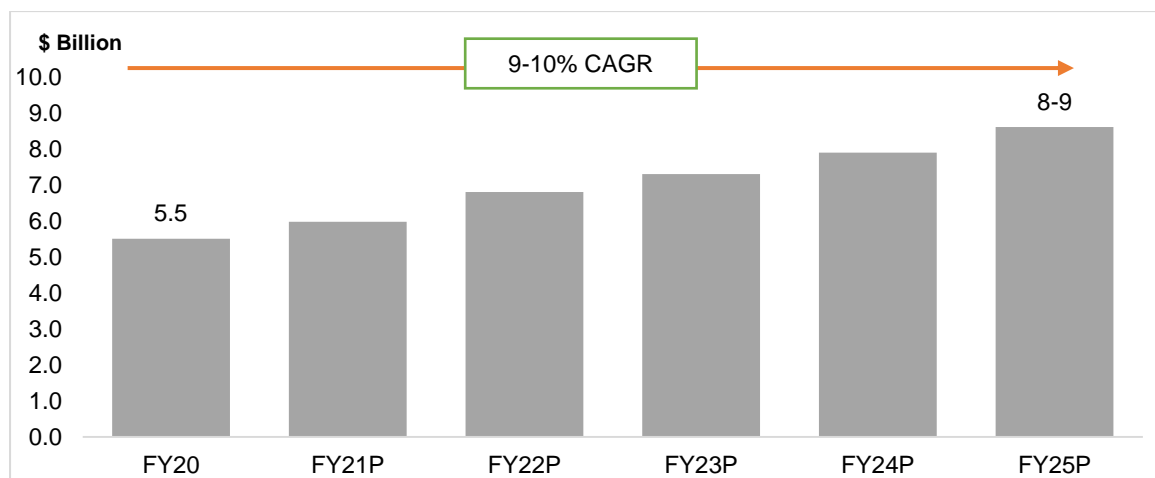
**Indian Market to reach \$8-9 billion by financial year 2025**

The demand for custom manufacturing catered to by Indian manufacturers is likely to grow at around 12% CAGR between financial years 2020 and 2025, owing to higher penetration of pharmaceutical molecule or compound or API manufacturing and India becoming a key supplier of non-commercially available molecules or monomers/polymers. The COVID-19 pandemic has further strengthened the demand for pharmaceutical custom manufacturing in the country, with global pharmaceutical giants outsourcing vaccine manufacturing to



Indian players. In addition to this, agrochemical custom manufacturing is also likely to see a boost with discovery chemistry pertaining to the agriculture sector attracting more traction.

*Indian custom manufacturing demand outlook (financial year 2020 to financial year 2025)*



Source: CRISIL Research

**Key growth drivers**

*India to be a focus region as companies move away from China*

Custom manufacturing demand has grown tremendously in India due to the availability of skillful workforce at lower rates compared with developed economies. Considering the surge in demand for foodgrain, demand from agro industry for custom manufacturing is likely to see a rise. However, the pharmaceutical industry is likely to remain the frontrunner in the custom manufacturing market. With stringent regulations likely to be implemented for chemical synthesis or discovery chemistry, larger Indian players are likely to witness more demand for manufacturing services compared to smaller companies.

Pharmaceuticals being an essential commodity, witnessed a healthy demand even during the lockdown in the first quarter of financial year 2021. The demand surged with heightened need of drugs and hygiene products. Post lifting of lockdown across major economies, a strong shift from China to South-Asian countries was observed in custom pharmaceutical manufacturing. This is a result of global giants following China plus 1 strategy to reduce their dependency on a single country. Indian custom manufacturing players are likely to be benefitted from this move further boosted by outsourced vaccine manufacturing to Indian companies. Government of India, has also supported the growth of pharmaceutical sector by introducing production linked schemes for bulk drug parks. Moreover, the manufacturing and research and development capabilities of Indian players has boosted the reliance of global giants on Indian custom manufacturing players. This has also resolved the concerns relating to IP protection and environmental health safety (EHS) compliance. Thus making India a global hub for custom synthesis and manufacturing.

On the other hand, agriculture was also among the industries to show positive trends during and post lockdown. However, due to export ban in the first quarter of financial year 2021, agrochemical custom manufacturing was greatly impacted as it is an export dominated market in India.

*Indian exporters to capitalize on global players de-risking their supply chains away from China*

The downturn observed in China’s specialty 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.

In 2017, Ministry of Agriculture and Rural Affairs, China circulated a new Pesticide Legislative Framework, citing five administrative measures on registration, production license, marketing license, labeling and

laboratory accreditation of pesticides. Under this framework, new registrations are required more test data and have been subject to more stringent criteria than previous regulation. This framework was introduced to check the impact of pesticides on crops, consumers and environment. The major check points under the framework included product chemistry, efficacy, toxicity, residue, and environmental impact. As a result of this, many Chinese chemical companies are experiencing rise in operational cost leading to the products becoming costlier and less competitive in export markets, while some companies are considering other countries such as India, Malaysia, Vietnam for outsourcing manufacturing or synthesis of pesticide compounds.

### ***Regulatory boost for domestic industry***

The recent supply disruption in the wake of the COVID-19 pandemic has resulted in the government taking proactive steps to boost domestic manufacturing and bring down the costs. A regulatory boost, along with strong process chemistry skills will continue to help the Indian bulk drugs and formulation industry garner a big share of the global exports pie. We expect growth to pick up in the coming years on account of product diversification and increased global demand.

### ***Peer comparison***

Deccan Fine Chemicals, Anupam Rasayan, our Company, SRF, Hikal and PI Industries Limited are some of the key manufacturers in custom manufacturing market space. These companies have businesses spanning both pharmaceutical and agrochemicals, with manufacturing contracts (small and large scale) and distribution contracts from global corporations.

### **Caustic Soda**

#### ***Understanding caustic soda and its production***

The global chlor-alkali industry forms a key base for the chemicals industry. Caustic soda is produced using the electrolysis of sodium chloride solution (brine). The processes of producing caustic soda include mercury, diaphragm, and membrane. Mercury based capacities have been phased out in most of the countries on account - of environmental regulations, leaving out a few capacities in Europe and America. However, India has already moved from mercury based capacities to membrane based capacities. The major end-use industries include textiles, chemicals, paper, PVC, water treatment, alumina, soaps and detergents, and chlorinated paraffin wax.

Chlorine is a joint product manufactured along with caustic soda, which is also used in various industries such as PVC manufacturing, water disinfection, and pharmaceutical, among other chemical industries. Therefore, most caustic soda manufacturers have downstream capacities integrated to utilise the produced chemicals in further chemical production such as PVC and chloromethanes.

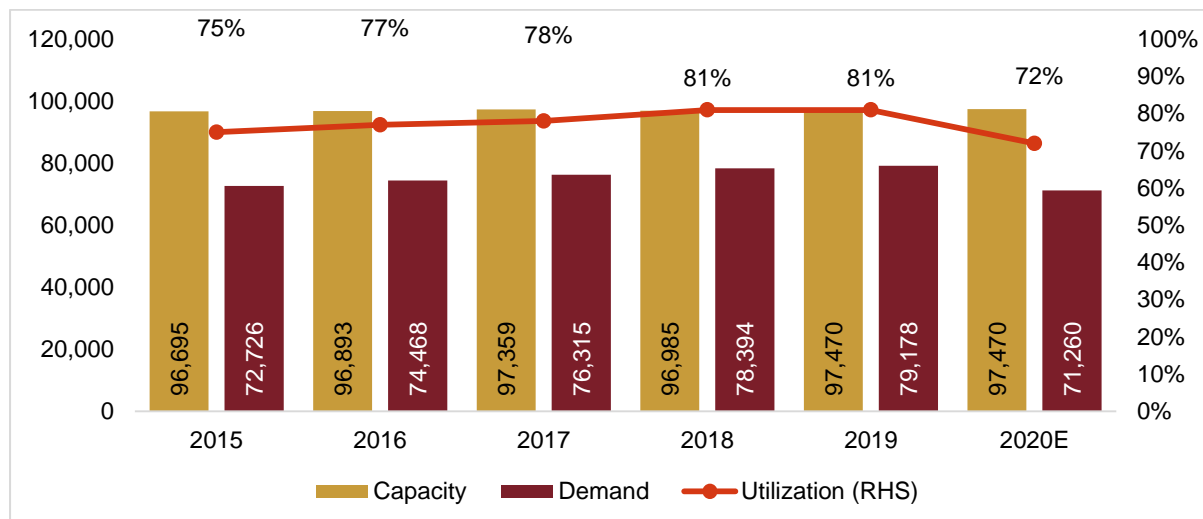
#### ***Global Demand Review***

In 2019, global caustic soda demand inched up 1.0-1.5% on-year to 79 million MT (mmt) from 78.3 mmt in 2018, owing to slowdown in demand in India and China. However, there was some support from aluminium demand from urban housing industries. Additionally, new alumina refinery capacity came on stream in UAE at end-2018, which required around 130,000 tons of additional caustic soda.

In 2020, global demand fell due to the economic slowdown caused by the COVID-19 pandemic. Demand declined sharply from the alumina segment owing to reduced construction spending, and from the textiles segment as people curtailed spending to save more in difficult times. Further, the demand from paper and pulp industry also reduced considerably due to closing of schools and colleges due to COVID-19 pandemic. Meanwhile, demand from the soaps and detergents segment provided some support on account of increasing demand for hygiene products. Consequently, the global utilisation rate is estimated to have declined to 70-75% in 2020 from 80% in 2019.

Globally demand growth rate of chlorine is expected to be lower than the demand growth rate of caustic soda. As chlorine and caustic soda are joint products, caustic production will be restricted to chlorine demand leading to supply tightness for caustic soda in the global market.

*Trend in global caustic soda demand (KT)*



Source: CRISIL Research

**Understanding domestic value chain for caustic soda**

Globally, the majority of chlor-alkali capacity is built to supply feedstock for the vinyl chain (EDC and PVC), demand for which is strongly correlated with construction spending and the general health of the construction industry. Caustic soda demand is also determined by chlorine demand, and hence producers often have downstream integration for both caustic soda and chlorine as feedstock. In India, very little of the caustic capacity is aligned with PVC capacity. Moreover, over 70% of the caustic capacity in India is not integrated on the chlorine side. This causes a lot of dependence on sale of chlorine, and this is the main reason for the lower capacity utilisation rates in the Indian caustic industry.

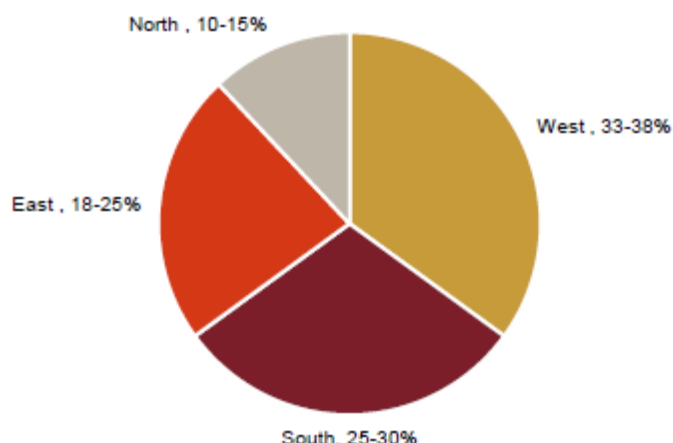
**Indian Caustic Soda market**

Domestic demand is estimated to have increased 2% on-year in financial year 2020, owing to slowdown in demand from the alumina and textiles industries. Demand from the alumina segment is estimated to have grown at a slow pace of 2%, owing to lower production. Growth in demand from the textiles segment is estimated to have slowed to 5.5%. Meanwhile, demand from the soaps and detergents segment is estimated to have grown 3-4%.

**Regional split of caustic soda demand**

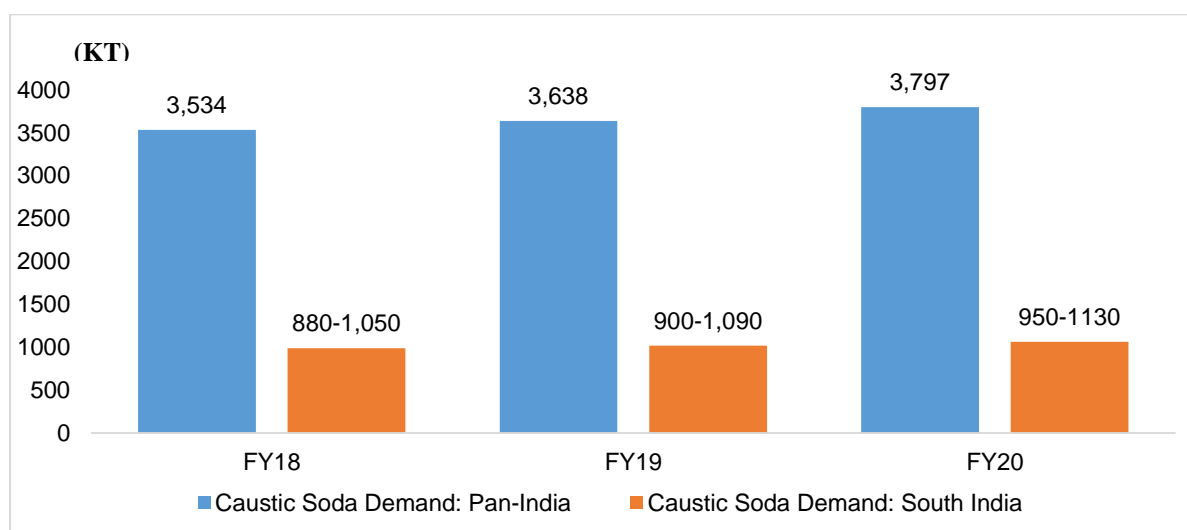
Textile industry demand for caustic soda is concentrated in the western region, with states such as Gujarat and Maharashtra leading in the textiles industry. On the other hand, the alumina industry is concentrated in the eastern and southern regions, leading to a higher demand for caustic soda from this sector, in these regions.

Regional distribution of demand in financial year 2020



Source: CRISIL Research

Southern India Demand Review, financial year 2018 – financial year 2020



Source: CRISIL Research

**Raw material for caustic soda**

For the production of caustic soda and chlorine, the major raw material is salt, which is abundantly produced in India.

**Caustic soda demand to foresee a sharp decline in financial year 2021 and recover gradually over the next five years**

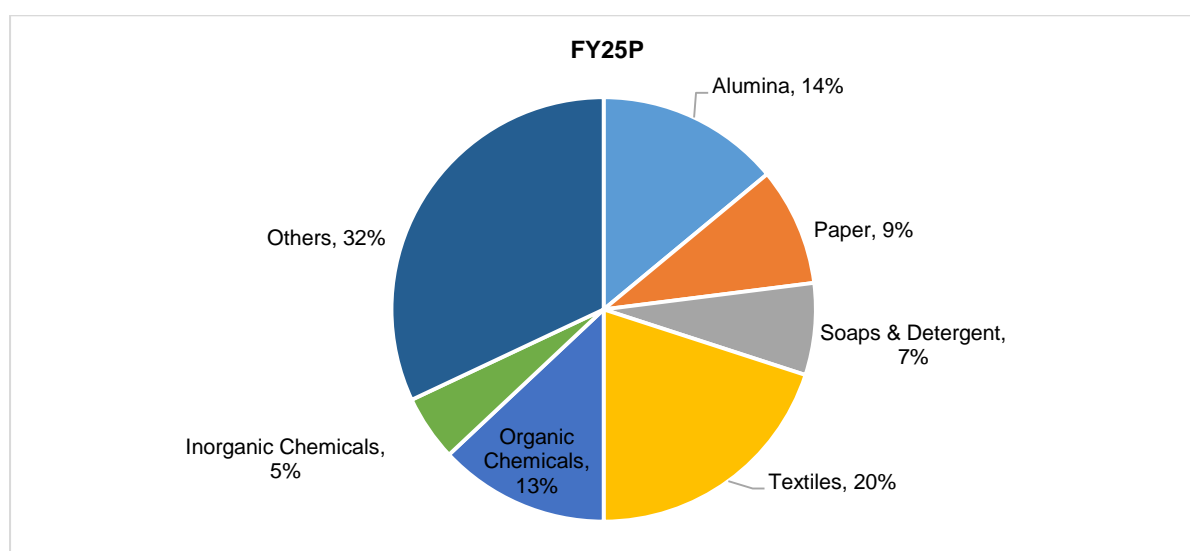
CRISIL Research expects demand for caustic soda to log 4-5% CAGR over the next five years (financial years 2020 to 2025), led by increasing demand from the alumina and chemicals industries.

- **Alumina:** Caustic soda demand from the alumina sector is expected to clock a robust 7-8% CAGR between financial years 2020 and 2025. Alumina production is expected to increase following the expansion of refinery capacity by players such as Vedanta, Hindalco, and Balco, and a gradual ramp-up of capacity. Import substitution of alumina, growth in domestic aluminium consumption, and rising aluminium exports should propel caustic soda demand over the next five years.
- **Textiles:** Cotton yarn production is expected to clock 2-3% CAGR over the next five years, versus approximately 1% over the past five years, even as demand for man-made and blended yarn is expected to exceed that for cotton yarn. Meanwhile, production of Viscose Staple Fibre is expected to log a healthy 7%

CAGR, driven by Grasim's capacity expansions. Therefore, overall demand for caustic soda from the textiles segment is expected to log 4-5% CAGR.

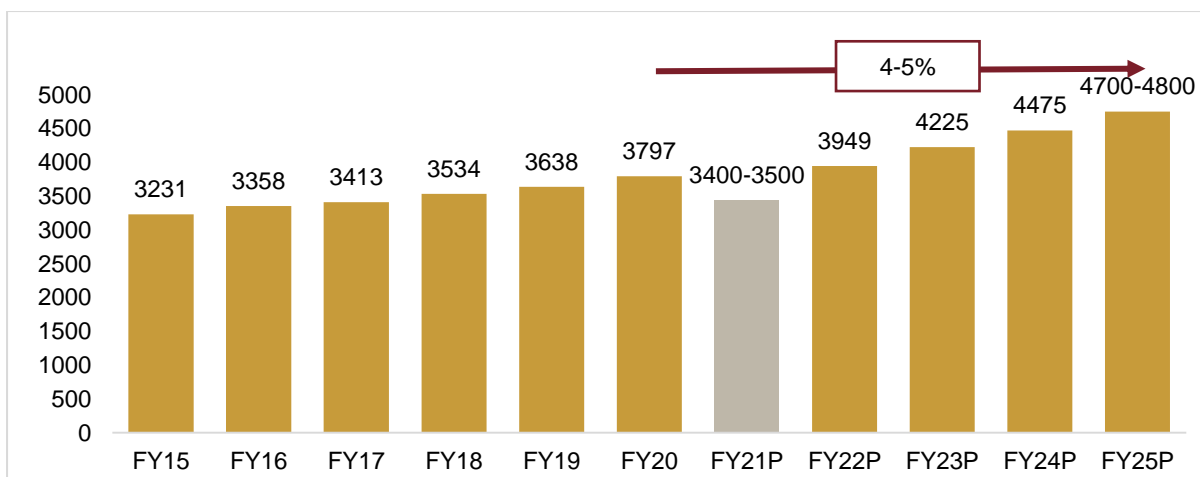
- *Paper*: Caustic soda demand from the paper segment is expected to post 2-3% CAGR, led by its increased usage in packaging for end-use industries such as household appliances, fast-moving consumer goods, readymade garments and e-commerce.
- *Chemicals*: Demand from the organic chemicals segment is expected to clock 3-4% CAGR, driven by healthy demand growth from end-user industries such as dyes and paints. Further, export markets are providing opportunities for domestic chemical manufacturers. Demand from the inorganic chemicals segment is expected to grow at a relatively tepid pace (*vis-à-vis* the organic chemicals segment), due to stricter environmental norms. Overall, demand for caustic soda from the chemicals segment is expected to log approximately 2.5% CAGR.
- *Soaps and detergents*: Caustic soda demand from this segment is expected to clock 4-5% CAGR, driven by increasing hygiene awareness amid the COVID-19 pandemic, increasing penetration in rural areas, and a rise in per capita consumption.
- *Others*: Caustic soda demand from the others segment is expected to clock 4-5% CAGR between financial years 2020 and 2025, led by growth in the pharmaceuticals, pesticides, dyes and pigments, and water treatment segments.

Expected consumption of caustic soda by end-user segments in financial year 2025



Note: P – Projected; Source: CRISIL Research, Industry

Domestic caustic soda consumption – Past trend and future projections (KTPA)



P – Projected; Source: Industry, CRISIL Research

### **Key Growth Drivers**

#### *Stringent regulations push environment-friendly caustic soda production*

Environment regulations has resulted in shutting down of mercury based capacities worldwide. However there are some mercury and diaphragm based capacities operational in the Americas, Europe, and Asia. With countries committed to supporting global efforts in mercury reduction and elimination, the mercury and diaphragm capacities are likely to be phased out during the forecast period. This will further tighten the supply of caustic soda and drive up the global caustic prices. On the contrary, India has already moved to environment-friendly membrane cell capacity.

#### *Import duty boost self-reliance and reduce dependency on imports*

The current anti-dumping duty of \$21.39 per MT on South Korean produce and \$48.39 on Chinese produce have managed to curb imports from these countries. The share of imports from China and South Korea fell to 4% and 10%, respectively, in financial year 2018, from 19% and 25%, respectively, in financial year 2015. However, the share of caustic soda imports from China and South Korea reached 14% and 16%, respectively, in financial year 2020. Furthermore, the government has removed anti-dumping duty on the US, Iran, and Saudi Arabia, as the major domestic players have been operating at an utilisation rate of 80-85%.

The import duty on caustic soda is 10% (basic duty) and 7.5% (SCH duty).

#### *Textile parks to boost the demand for caustic soda*

In order to enable the textile industry to become globally competitive, attract large investments and boost employment generation, Government of India has planned to launch a scheme of mega textiles parks in addition to the, PLI scheme. Under this seven mega textile parks are expected to come up in next three years. In addition to this, Government of India had announced its plan to establish a number of pharmaceutical parks in the country. Consequently, the demand for caustic soda is expected to increase over the forecast period.

#### *Supply tightness globally to support caustic soda prices in medium term*

After declining by around 27% on-year in calendar year 2019, global caustic soda prices are estimated to have further declined 32% on-year to \$250 per MT (CFR price for India) in 2020, owing to lower demand from end-use industries amid the COVID-19 pandemic. While demand from certain applications (hygiene/sanitary products such as soaps and detergents) could see some support, these account for only 10% of overall caustic soda demand. Further, prices declined due to ample supply in the global market owing to good demand for by-product chlorine from the downstream PVC segment.

In 2021, CRISIL Research expects caustic soda prices to improve, led by gradual recovery in demand. However, a further rise in prices will be slower owing to the fresh capacity additions in the domestic caustic soda market. On the other hand, global caustic soda capacities are expected to be at 90% utilization due to recovery in demand while not being matched by new capacity additions by 2025. Therefore, going forward global prices

and margins are expected to go up due to this mismatch and aid healthy margins.

In financial year 2022, ECU realisation is expected to improve marginally with pick-up in demand. However, a further rise in prices will be restricted owing to the oversupplied caustic soda market.

### **Peer Comparison**

In India, Grasim Industries Ltd. (including Aditya Birla Chemicals), DCM Shriram Limited (DCM Shriram), Gujarat Alkalies and Chemicals Ltd.(GACL), and Reliance Industries Limited (RIL) have a combined capacity of more than 2800 KTPA. Grasim Industries Ltd. has chlor-alkali facilities at seven locations, DCM Shriram, Chemplast Sanmar and GACL at two locations each, and Reliance Industries at one location. Most of these facilities are located in the western part of the country.

Capacity utilisation of Indian players declined in financial year 2020 owing to a rise in imports and weak demand. In the long run, India is expected to turn net exporter of caustic soda as capacity additions outpace incremental demand with the expected capacity additions in chlorine downstream supporting the industry. Grasim industries lead in capacity in the northern region of the country, GACL in west, and TGV SRAAC LIMITED (TGV SRAACL) in south.

In terms of installed capacity, Andhra Sugars and our Company are other key players in South India after TGV SRAACL.

### Capacity location of key players as of December 31, 2020

Players	Location-wise capacity (ktpa)							Total
	Renukoot	Nagda	Veraval	Karwar	Ganjam	Rehla	Vilayat	
Grasim Industries Ltd.	129	270	91	91	91	110	365	1,147
	Bharuch	Kota						
DCM Shriram Industries	500	173						673
	Vadodara	Dahej						
GACL	206	424						631
	Dahej							
RIL	179							179
	Mettur	Karaikal						
Chemplast Sanmar	67	52						119
	Saggonda							
Andhra Sugars	183							183
	Kurnool							
TGV SRAACL	259							259

Source: CRISIL Research

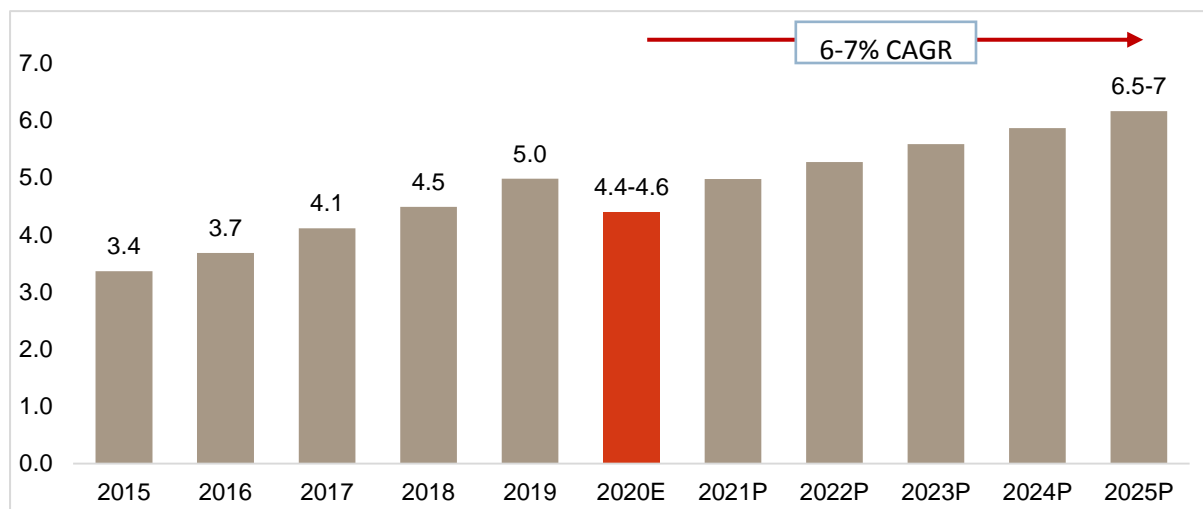
## **Hydrogen Peroxide**

### **Overview of global hydrogen peroxide market**

Hydrogen peroxide is mainly used in the pulp and paper industry for bleaching pulp and deinking recycled paper. It is also used in the textiles, electronics, food and beverages, and healthcare industries. Along with peroxyacetic acid, hydrogen peroxide is one of the important components in manufacturing peroxide-based disinfectants. It is also used in various municipal and industrial applications.

Global demand for hydrogen peroxide was estimated at 3.4 million MT in 2015 and has clocked a CAGR of 10%, reaching approximately 5 million MT in 2019. In value terms, the hydrogen peroxide market size is estimated at \$3.8-4 billion in 2019. The Asia-Pacific (“APAC”) region accounts for the largest share in the overall hydrogen peroxide market, contributing to almost 44% of the overall market. North America forms 20% of the market. The growing population in APAC region, along with the improving educational system, is expected to drive demand for paper, leading to higher demand for hydrogen peroxide. Rising population and

increasing use of disinfectants in the Asia-Pacific countries, especially India and China, is also likely to boost demand for hydrogen peroxide.



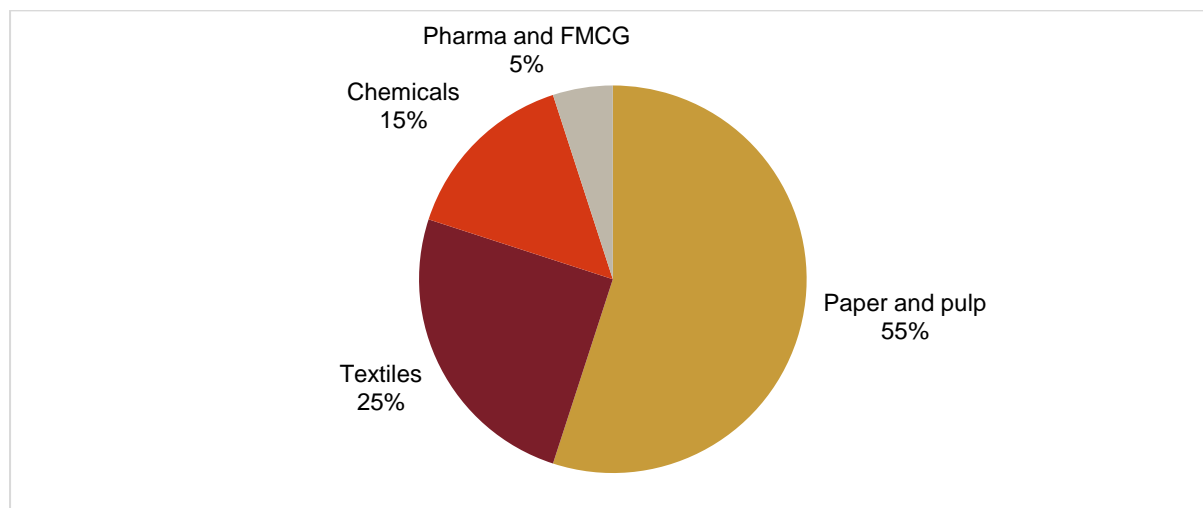
E: Estimated, P: Projected; Source: CRISIL Research

### Overview of the Indian hydrogen peroxide market

The Indian hydrogen peroxide market is characterised by its large-scale utilisation in the paper and pulp industries and as a bleaching agent in the textiles industry. It is also used as a disinfectant in the food processing industry.

As of financial year 2020, demand for hydrogen peroxide stood at 320 KTPA. The hydrogen peroxide market has grown at a CAGR of 6.9% between financial years 2015 and 2020, led by growth in the paper and pulp segment, which forms 55% of the overall demand.

### Hydrogen peroxide consumption in India by end-use (financial year 2020)



Source: CRISIL Research

### Domestic capacity

In the southern region, our Company is the leading player with a capacity of 34 KT (forming nearly 78% of the capacity in the South), in Mettur Tamil Nadu. Along with this, HOCL has a capacity of 10.5 KT in Kochi.

### Hydrogen peroxide demand to log 6-7% CAGR between financial years 2020 and 2025

CRISIL Research expects domestic hydrogen peroxide demand to decrease 12% on-year in financial year 2021,

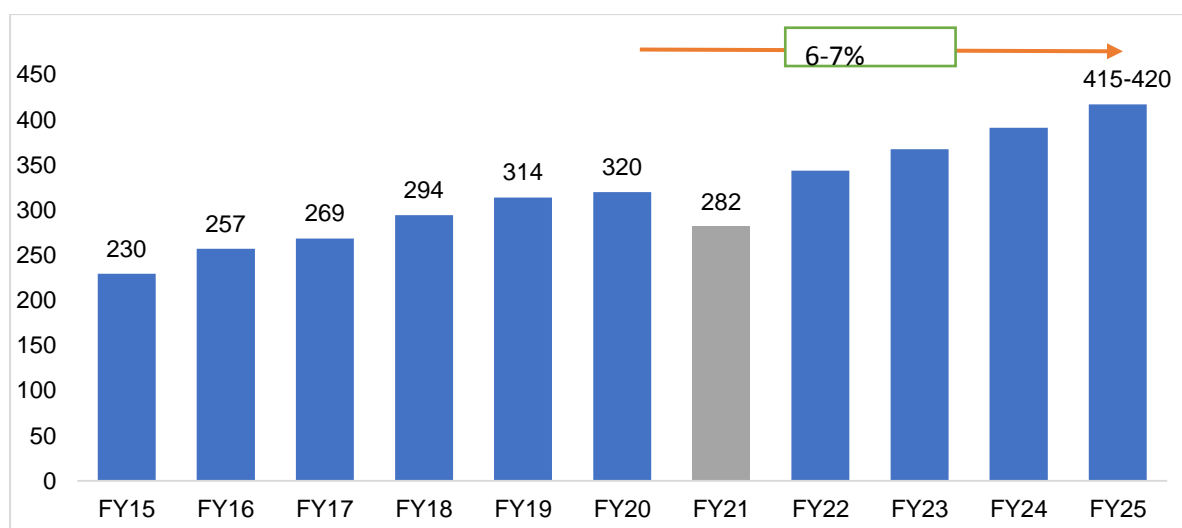


led by the paper and pulp industry, coupled with a sharp de-growth of 16% in the textile industry due to the impact of the COVID-19 pandemic. Further decline in demand would be restrained by growth in the pharma segment, which is expected to witness a growth of 10% on-year.

CRISIL Research expects hydrogen peroxide demand to clock a CAGR of 6-7% from financial years 2020 to 2025.

### ***Demand Supply Outlook***

#### *Outlook on hydrogen peroxide demand in India (KT)*



Source: CRISIL Research

In terms of regional demand-supply, the western region has the largest share with a manufacturing capacity of 362 KT, which caters to demand in the northern and western regions, totalling to 224 KT. Plants have been running on relatively low utilisation rates, leading to small volumes of imports within the region. Imports totalled to around 17 KTPA in financial year 2020.

In the southern region, our Company is the leading player with a capacity of 34 KT (forming nearly 76% of the capacity in the South), in Mettur Tamil Nadu. Along with this, HOCL has a capacity of 10.5 KT in Kochi. Total capacity in the southern region is 44 KT versus a demand of around 72KT. The eastern region has no capacities and accounts for demand of around 25 KT.

### ***Key Growth Drivers***

#### *Growth in paper and pulp industry supporting demand for hydrogen peroxide*

CRISIL Research expects paper and paperboard (including newsprint) demand to de-grow sharply by 10-14% on-year in financial year 2021. If we consider segment-wise breakdown of demand, the writing and printing (“W&P”) segment is expected to de-grow 25-30% on-year; paperboard by 4-7% and newsprint by 30-35%. In contrast, specialty paper is expected to grow 8-11% on-year, driven by increase in tissue demand. Demand is expected to rebound in financial year 2022 with 10-15% growth, with major recovery in the W&P and newsprint segments. In financial year 2020, due to moderation in industrial activity as well as exports, paper demand increased by a moderate 3%. Nevertheless, over the next five financial years we expect paper demand to grow at a moderate pace of 3-4% to touch 22 million MT by financial year 2025.

Capacity additions are expected mostly in the paperboard segment following an anticipated higher growth in volumes and less capital requirement *vis-à-vis* other segments (such as W&P). Higher capacity additions, supported by rising demand for paper will boost hydrogen peroxide demand in India.

#### *Textiles industry to prop up demand*

The textile garments industry is estimated to take a severe hit across the globe in financial year 2021 due to the

COVID-19 pandemic. Demand for exports is estimated to decline by 17-19% in financial year 2021 due to COVID-19 induced global economic slowdown and India losing competitiveness in export destinations.

However, with economic revival, the domestic textile garment market is projected to reach ₹ 3.8 trillion in financial year 2022 with 37-39% growth over financial year 2021. The domestic textile market has been growing at around 5% for the past five years. Due to lower growth in realisations and volumes, the market declined by 1% in financial year 2020.

The domestic market is expected to grow by 8-10% in financial year 2023. Long-term growth in the domestic market will be driven by rising working population and income levels, higher penetration of organised retail stores and e-commerce and growing preference for readymade garments. Moreover, the financial 2022 budget has announced setting up of seven mega textiles park over a three year period. This will provide a significant boost to the industry.

#### *Pick-up in demand from oil refineries for effluent treatments*

Demand for hydrogen peroxide from oil refineries for effluent treatment has been picking up and will continue to grow with increase in the volume of crude oil being processed by existing and upcoming refineries in the country. Substantial investments planned in this segment, both by the private and public sectors, will boost demand for hydrogen peroxide from refineries.

#### *Growing demand for disinfectants post COVID-19*

The market for disinfectants has grown rapidly with the present COVID-19 situation. It is expected that the market size would continue to expand as hygiene improvement would be one of the main factors that would drive the size of the market in future. This offers a new and developing market to hydrogen peroxide due to its ability to kill bacteria, viruses and fungi.

#### *Import duty on Hydrogen Peroxide*

Hydrogen peroxide had an import duty of 10% as of financial year 2020.

#### *Peer comparison*

There are six players producing hydrogen peroxide in India. Out of these, GACL, National Peroxide, our Company, and Meghmani Finechem have their own by product hydrogen production. Since hydrogen peroxide is a local product due to its high transportation cost, most players prefer to supply in their regional markets. Our Company and HOCL are the only players operating in the South.

Peer comparison: Hydrogen Peroxide as of December 31, 2020.

Player	Capacity at 50% concentration (ktpa)	Location	Region	Backward integration
National Peroxide Ltd	150	Kalyan (Maharashtra)	West	
GACL	106	Dahej, Vadodara (Gujarat)	West	
Meghmani Finechem	60	Dahej (Gujarat)	West	
Indian Peroxide Ltd	46	Dahej (Gujarat)	West	
Chemplast Sanmar	34	Mettur (TN)	South	
HOCL	10.5	Kochi (Kerala)	South	

Source: CRISIL Research

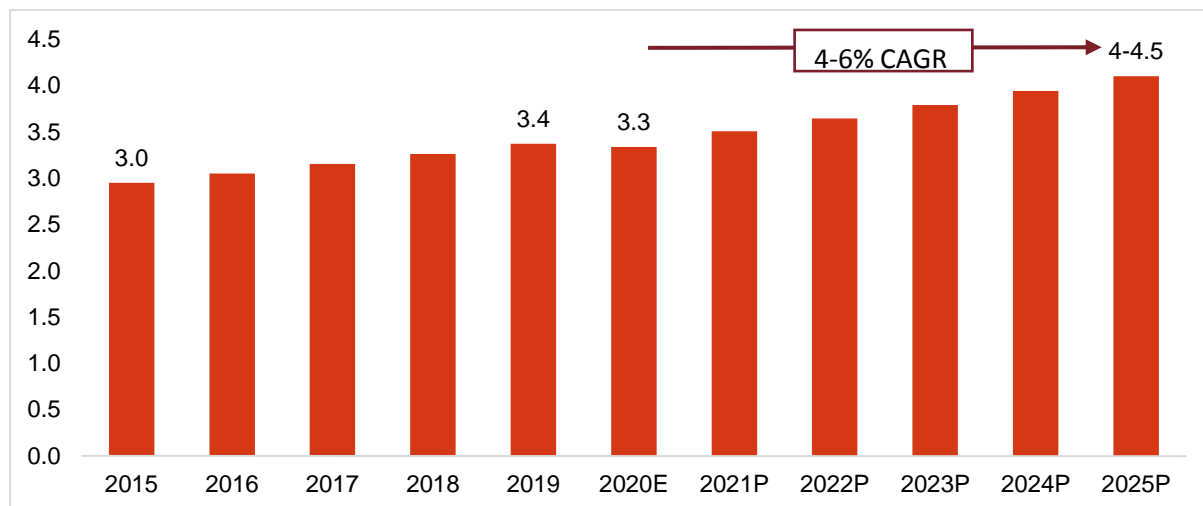
#### **Chloromethane Market**

Global demand for chloromethanes stood at an estimated 2.8-3 million MT in 2015. Demand has grown at a 3-4% CAGR, reaching 3.4 million MT in 2019. Due to their toxic nature, chloromethanes are subject to stringent regulations imposed by government bodies such as the US Environmental Protection Agency (“EPA”) and Registration, Evaluation, Authorisation and Restriction of Chemicals (“REACH”). Chloromethanes are largely divided into four types of products - methyl chloride, methylene chloride (“MDC”), and chloroform, carbon tetrachloride (“CTC”).

In 2020, global chloromethane demand is estimated to have declined by 1-2% on-year, as a result of the COVID-19 pandemic, which led to a sharp decline in demand from key end-user industries such as refrigerants, silicone polymers, etc. However, decline in demand was restricted due to growth in the pharmaceuticals sector, which continued to grow at a rapid pace.

During 2021 to 2025, global demand for chloromethanes is expected to clock a CAGR of 4-5%, driven by a revival in various end-user industries, after the COVID-19 pandemic. Demand will be driven by rapid growth in the pharmaceuticals segment. Increased usage in silicone polymers, linked with construction industry, higher usage of HFOs in refrigerants are expected to be key drivers of demand.

Global chloromethanes demand outlook (mmt)



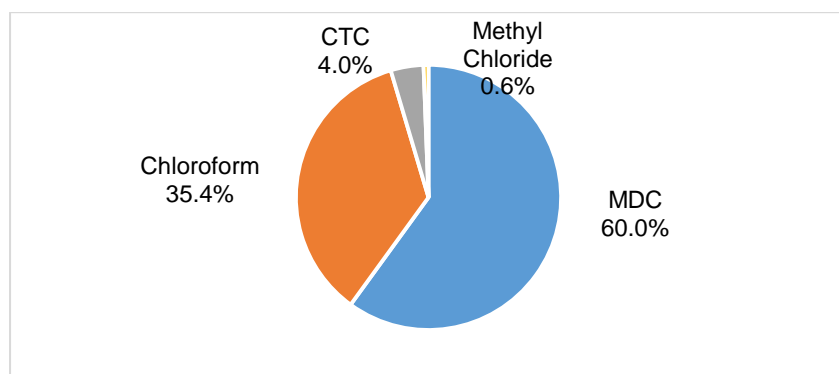
Source: CRISIL Research

**Overview of the Indian chloromethanes market**

Chloromethanes in India find a variety of applications. They are used as solvents in manufacturing pharmaceutical drugs, in the making of refrigerant gas, and in agrochemicals. Demand for chloromethanes as of financial year 2020 stood at 504 KTPA. The market grew at 9-11% CAGR between financial years 2015 and 2020, led by 10-12% growth in the pharma industry. Rising demand for refrigeration and air-conditioning also supported overall demand.

All four types of chloromethanes are produced in India: methyl chloride, methylene chloride (MDC), carbon tetrachloride (CTC) and chloroform.

India chloromethane consumption by type (financial year 2020)



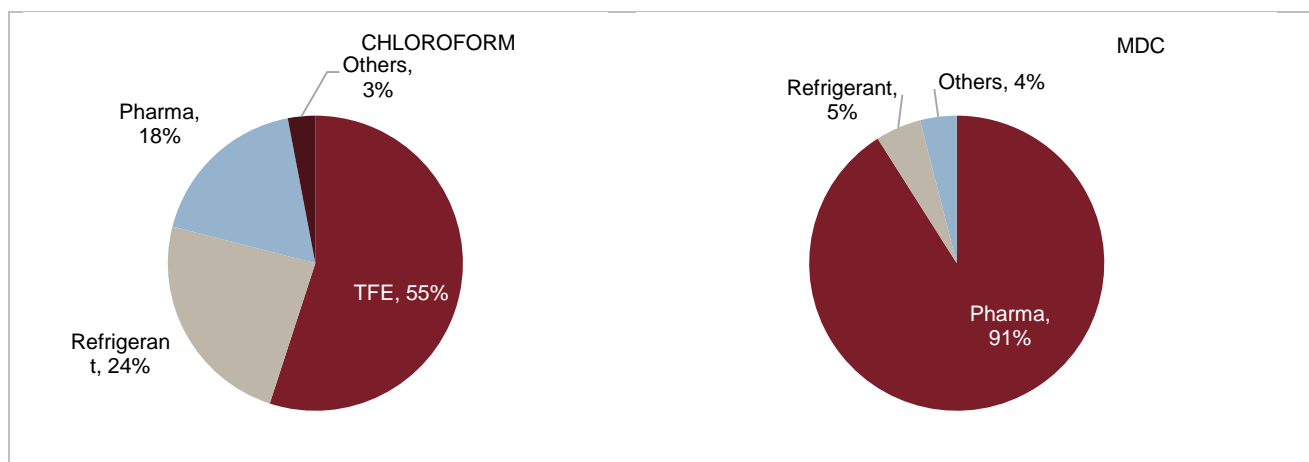
Source: CRISIL Research

- The pharma sector accounts for the largest share in MDC demand (91%), 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 (forming 55% of the demand) that goes to make polymers such as teflon and fluon, used as 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 (25% of demand).

India chloromethane consumption by end-use (financial year 2020)



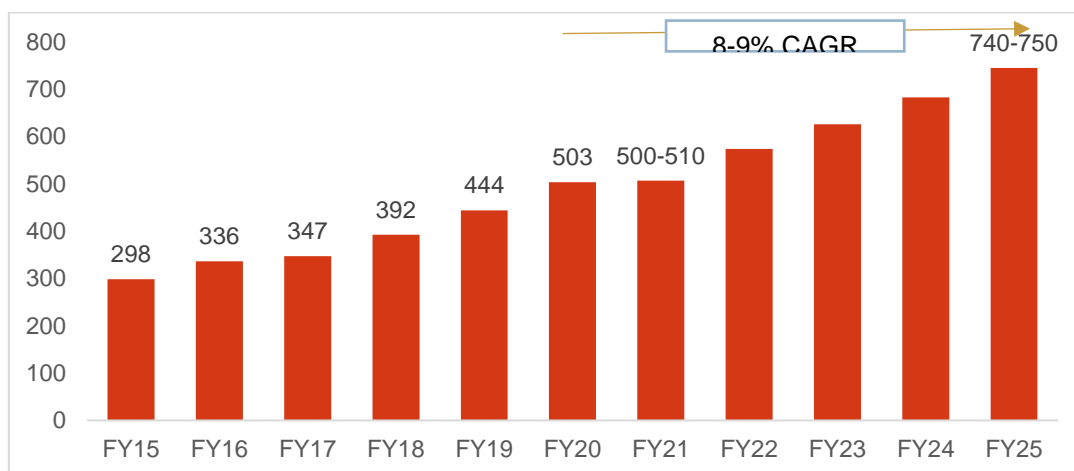
Source: CRISIL Research

**Chloromethanes market to grow at 8-9% CAGR through financial year 2025**

The Indian chloromethanes market is expected to grow at 8-9% CAGR between financial years 2020 and 2025, driven by healthy growth in end-user industries such as pharmaceuticals, and agrochemicals. In financial year 2021, demand growth is expected to stagnate, driven by reduced sales of white goods and hence, demand for refrigerants. However, further decline in demand would be restricted due to growth in pharma and agrochemical segments.

MDC segment is expected to lead growth in demand, driven by its high application in the pharma industry.

Outlook on chloromethane demand in India (KTPA)



Source: CRISIL Research

**Import dependence on chloromethanes to continue**

Chloromethane capacity stood at 355 KTPA as of financial year 2020. SRF and GACL are planning to add 100 KTPA each, expected to come onstream by financial year 2022. This will increase capacity to 555 KTPA by end financial year 2022. However, demand is expected reach 700-750 KTPA by financial year 2025. As a result, import dependence is expected to continue.

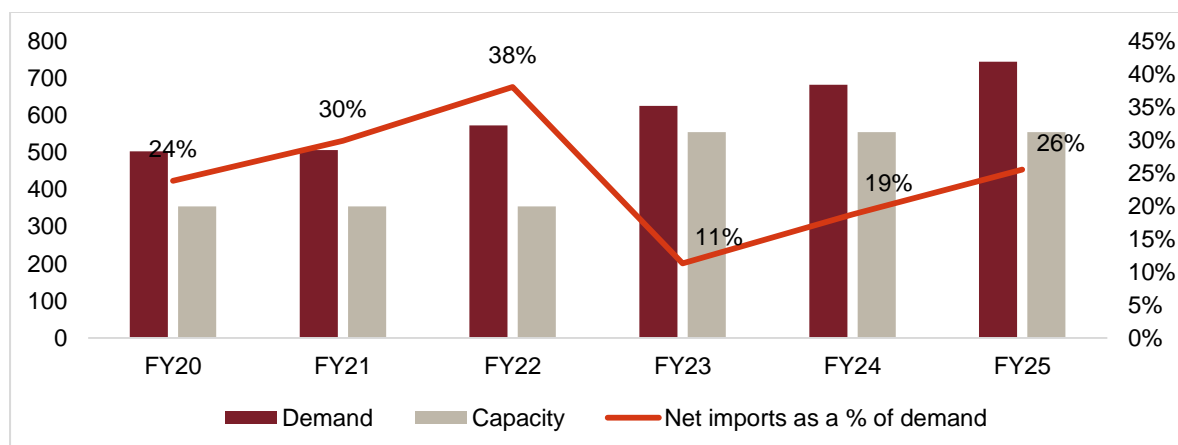
**Raw materials for chloromethanes**

Chlorine and methanol are the key raw materials for chloromethanes.

*Chlorine:* Chlorine is joint product of caustic soda manufacturing. Chlorine is expensive to transport and difficult to dispose. Hence, most players who produce chlorine also develop downstream facilities to utilise the chlorine produced.

**Methanol:** Major methanol suppliers in India include Assam Petrochemicals Ltd., Deepak Fertilisers & Petrochemicals Corporation Ltd. (Deepak Fertilisers) and Gujarat State Fertilizers & Chemicals Ltd. (GSFC). About 45-50% of India’s methanol requirement, however, is met via imports. In 2019, global methanol prices decreased 35% to \$242 per MT from \$367 per MT in 2018, owing to drop in feedstock coal and natural gas prices. In 2020, methanol prices are estimated to have declined 29-31% on-year to \$160-190 per MT as capacity additions far surpassed demand growth. In 2021, prices are expected to increase marginally led by a gradual recovery in demand. However, a sharp rise in prices would be restricted as capacity growth is likely to outpace incremental demand growth.

**Outlook on chloromethane demand-supply balance (KTPA)**



Source: CRISIL Research

**Key Growth Drivers**

*Rapid growth in pharma industry*

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

India ranks among the lowest in healthcare expenditure globally. As of financial year 2019, the country's spend was only 1.5% of its GDP, owing to lower healthcare penetration, compared with developed markets such as the US and Europe, which spend about 10-17% of their GDP. As per the World Health Organization (“**WHO**”) data, India's per-capita expenditure on health is among the lowest in developing countries and, therefore, offers significant potential.

Furthermore, Government of India has announced PLI scheme along with the plan to establish pharmaceutical manufacturing capacity. DoP (Department of Pharmaceuticals) launched two PLI schemes in July, 2020, one for critical Bulk Drugs (₹ 6940 crore) and another for Medical Devices (₹ 3420 crore). As per the recent

announcement by DoP, another PLI scheme for pharmaceuticals drugs worth ₹ 15000 crore is under approval. Consequently, the demand for chloromethanes is expected to increase on account of these bulk drug manufacturing capacities.

#### *Rising agrochemicals demand*

CRISIL Research estimates the domestic agrochemical industry to have grown 6% on-year in financial year 2021 after a moderate 5% growth in financial year 2020 (in value terms). An estimated rise in kharif crop acreage by 2-3% on-year, driven by a normal monsoon and higher demand for herbicides, is likely to have led to 5% growth on-year in volume terms. The market is expected to grow at a 6-8% CAGR between financial years 2021 and 2025.

Agrochemical exports, however, are estimated to decline 5% on-year in financial year 2021. Exports to Brazil and the US took a hit in the first quarter of the financial year owing to COVID-19 pandemic and restrictions on movement of goods from one country to another. However, exports are expected to recover from the next financial year and grow rapidly at 9-11% CAGR over the next five years, driven by healthy demand for insecticides and herbicides from the US, Brazil and northern Europe, driven by lack of availability of human labour, leading to higher penetration.

#### *Increased usage of HFCs (Hydrofluorocarbons) to drive MDC demand (higher value product as against chloroform)*

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

#### *Import duty on Chloromethanes*

Chloromethanes were subject to an import duty of 10% as of financial year 2020.

#### *Peer Comparison*

There are totally six players producing chloromethanes in India. Gujarat Fluorochemicals Limited (GFL), GACL and SRF Limited (SRF) dominate the western and northern markets. Our Company and TGVSAARCL are the only two players in the southern region. Our Company is also one of the oldest manufacturers of chloromethanes in India having established its plant in FY1989. There is no capacity present in the east. While capacity in the north and west are sufficient to meet demand in those areas, the southern and eastern regions have a significant deficit in terms of supply.

In terms of backward integration, most players produce chlorine required for manufacturing chloromethanes. SRF and GFL are key players in production of refrigerants and fluoropolymers, and therefore, are forward integrated to utilise their production of chloromethanes.

In terms of backward integration, most players produce chlorine required for manufacturing chloromethanes.

*Peer comparison: Chloromethanes as of December 31, 2020*

Player	Capacity (KTPA)	Location	Region	Backward integration	Forward Integration
SRF	95	Dahej, Bhiwadi	West, north		
GFL	88	Dahej (Gujarat)	West		
GACL	56	Vadodara (Gujarat)	West		
Meghmani Finechem	40	Dahej (Gujarat)	West		
TGVSRAACL	41	Kurnool (AP)	South		
Our Company	35	Mettur (TN)	South		

Source: Company reports, CRISIL Research

### Suspension PVC Overview

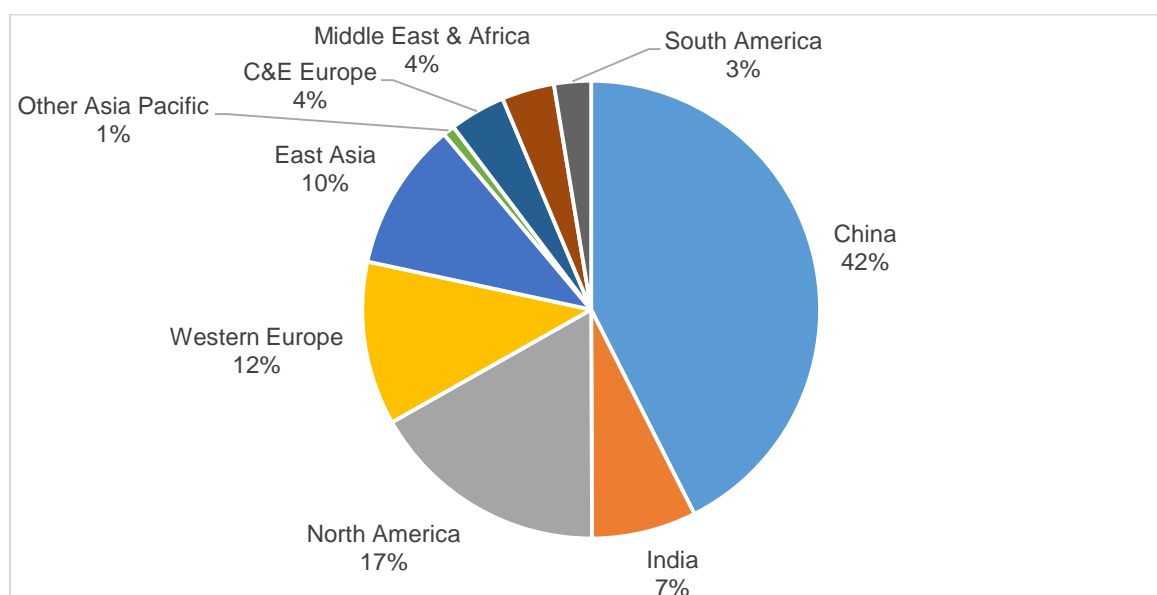
#### Overview

Suspension PVC (S-PVC) is made either through mass or bulk polymerisation or through suspension polymerisation.

S-PVC is used in both rigid and flexible applications. pipes, profiles and roofing sheets are typical examples of rigid applications while flexible hoses, tubings, wires and cables, footwear, calendared sheets and films, extruded films are typical examples of flexible applications.

Global demand for S-PVC was 41 mmt in financial year 2015, which increased at a 3.1% CAGR over 2015-19 to 46 mmt in 2019. Demand for S-PVC in the global market is largely linked to the construction industry and therefore economic development. In recent years, S-PVC consumption has been concentrated in the developing Asian economies such as China, India, Vietnam, and Indonesia. By region, China accounts for more than 40% of global S-PVC consumption. India is one of the fastest growing large markets for SPVC in the world while other major consuming regions are other Asia-Pacific countries, North America, Western Europe, and the Middle East and Africa (“MEA”).

#### Global S-PVC consumption by region (2019)



Source: CRISIL Research

S-PVC consumption is largely driven by the pipes and fittings industry (45-47%), where it is increasingly replacing metal pipes in the building construction, irrigation, and sewerage industries. Plastic pipes have several advantages over metal pipes. Superior properties like non corrosion, longer life, energy efficiency as compared to metals have accelerated the substitution of metal pipes with plastic pipes.

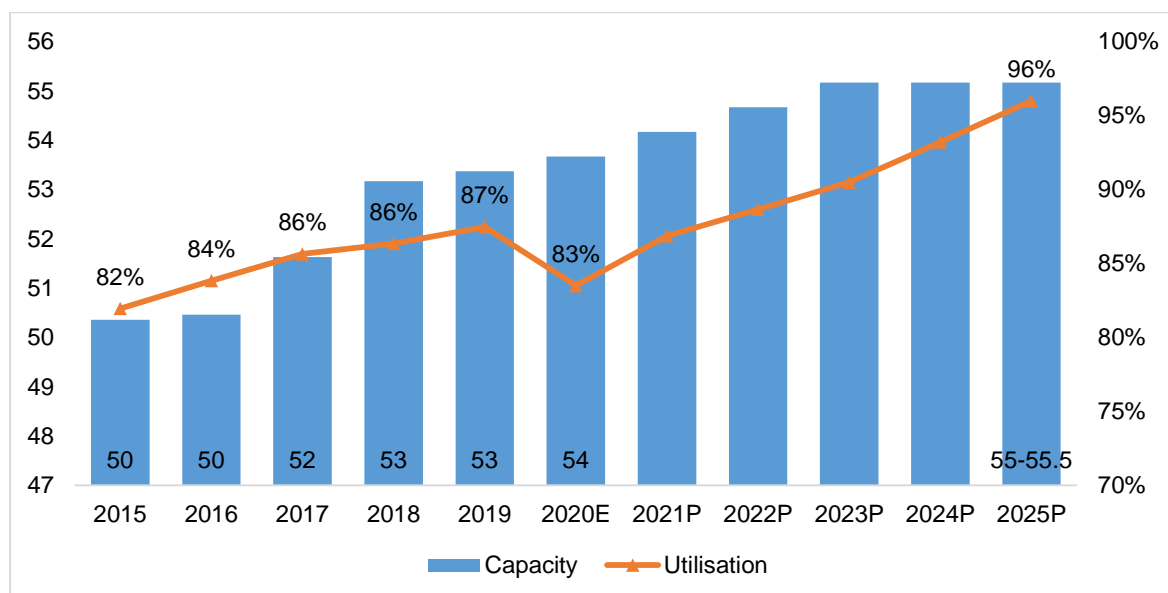
In addition to pipes and fittings, S-PVC is widely used in window profiles and tubings (17-18%), films and sheets (17-18%), wires and cables (7-8%), and floorings (3%).

**Global S-PVC capacity utilisation to rise in absence of additional capacities**

Over the years, many S-PVC plants have had to shut down or shift from mercury-based catalyst processes to mercury-free processes owing to strict environmental regulations in China. This led to a shutdown of 4.5 mmtpa of S-PVC capacities in China over 2015-19.

Over 2021-25, global S-PVC capacity is expected to increase by 1-2 mmt. In contrast, demand is expected to grow at a faster pace, increasing by almost 7-8 mmt. Thus, S-PVC plant operating rate is expected to increase from 87% in financial year 2019 to 95-96% by 2025.

Global S-PVC capacity (mmt) and operating rate (%) outlook



E: Estimated; P: Projected

Source: CRISIL Research

**Domestic market has been growing due to rapid growth in the pipes and fittings market**

The Indian S-PVC market is more than five decades old, with the first plant of 6 KTPA capacity set up in 1961 by Calico Mills. With the introduction of various PVC products in the 1970s, PVC consumption started doubling almost every five years. Between 1985 and 1995, the green revolution resulted in an increased use of PVC pipes in the agriculture sector due to their superior performance. The pipes industry has logged a high CAGR of 10-12% in the past five financial years, driven by increasing demand for pipes in the construction/building and irrigation industries; nationwide infrastructural development; the government’s focus on urban/rural development; and the Smart City initiative.

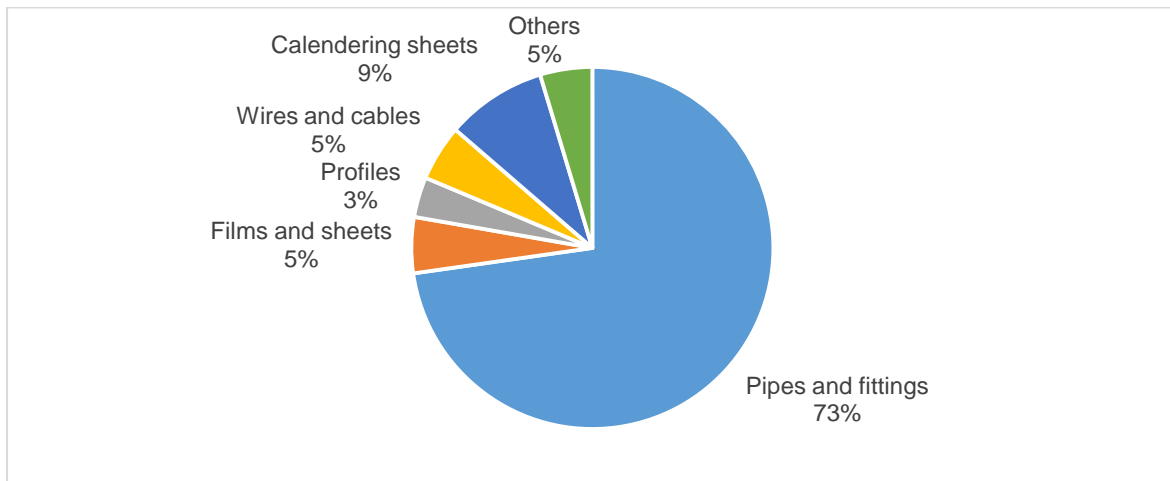
Domestic demand for S-PVC was 3.3 mmt in financial year 2020. The market logged a CAGR of 5.5% over financial years 2015-20, led by growth in the pipes and fittings segment, which accounts for 73% of the overall demand. The Indian plastic pipes and fittings industry clocked a healthy CAGR of 10-12% over financial years 2015-20, reaching about ₹ 330-340 billion. Industry growth was driven by rising demand from the construction and irrigation sectors. In the construction space, increasing investments in water supply and sanitation (WSS) projects, substitution of metal pipes with polymer pipes, and replacement demand propelled S-PVC offtake. Initiatives such as Pradhan Mantri Krishi Sinchayee Yojana (“PMKSY”), Accelerated Irrigation Benefits



Programme (“**AIBP**”), and Command Area Development and Water Management (“**CADWM**”) Programme fuelled S-PVC offtake in the irrigation sector.

Additionally, the industry received a boost from the government’s Atal Mission for Rejuvenation and Urban Transformation (“**AMRUT**”) scheme, which is aimed at providing basic services such as WSS and ensuring every household has access to a tap with assured water supply and a sewerage connection. As a result, demand for soil, waste and rain, and drainage pipes was robust.

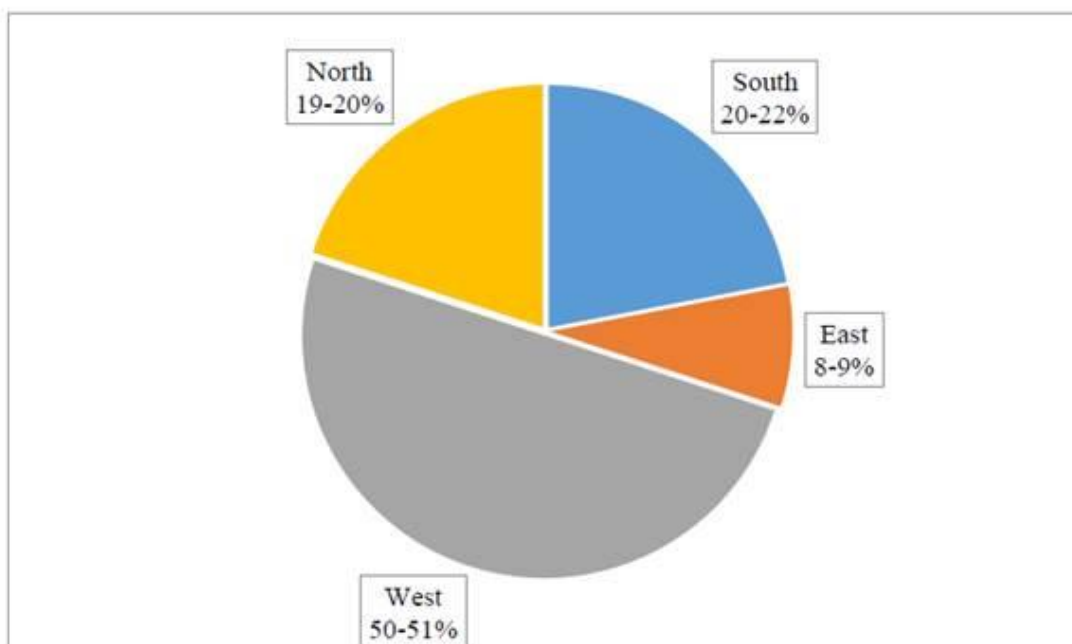
*S-PVC consumption in India by end-user (financial year 2020)*



Source: CRISIL Research

***Demand concentrated in the western region***

S-PVC is largely used in the manufacturing of plastic pipes. Most plastic pipe manufacturers such as Prince Pipes And Fittings Ltd (Prince Pipes), Supreme Industries Ltd., Finolex Industries, Astral Ltd. , and Jain Irrigation Systems Ltd. have their manufacturing bases in Maharashtra and Gujarat. As such, the western region accounts for >50% of the demand. These players also have plants in northern and southern regions, which together account for 40-42% of the overall demand. The remaining (<10%) demand comes from the eastern region.

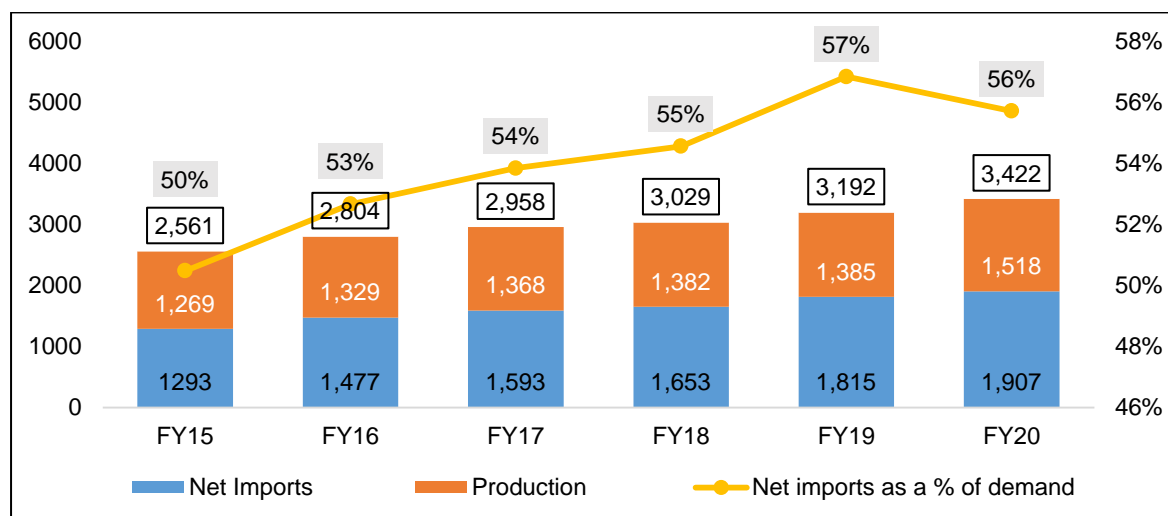


Source: CRISIL Research

***Around 56% of demand met via imports***

India meets 56% of its S-PVC requirements via imports. Imports have been largely sourced from Japan, Taiwan, South Korea, and China historically.

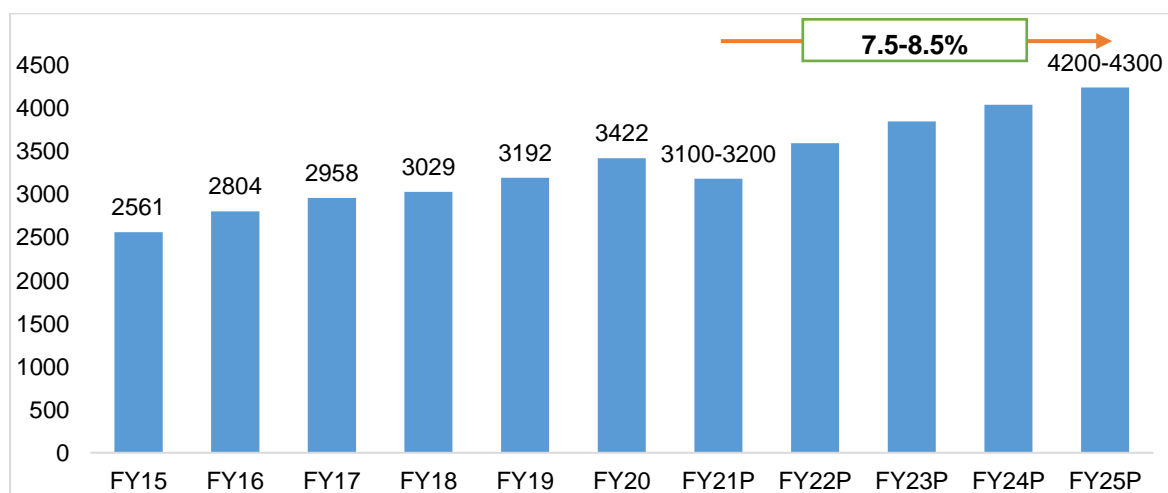
S-PVC demand in India by supply source (KT)



Source: CRISIL Research

CRISIL Research expects S-PVC demand to clock 7.5-8.5% CAGR over financial years 2021-2025. A sharp rise is unlikely due to relatively slower growth in the infrastructure sector.

Outlook for S-PVC demand in India (KTPA)



Source: CRISIL Research

**Key Growth Drivers**

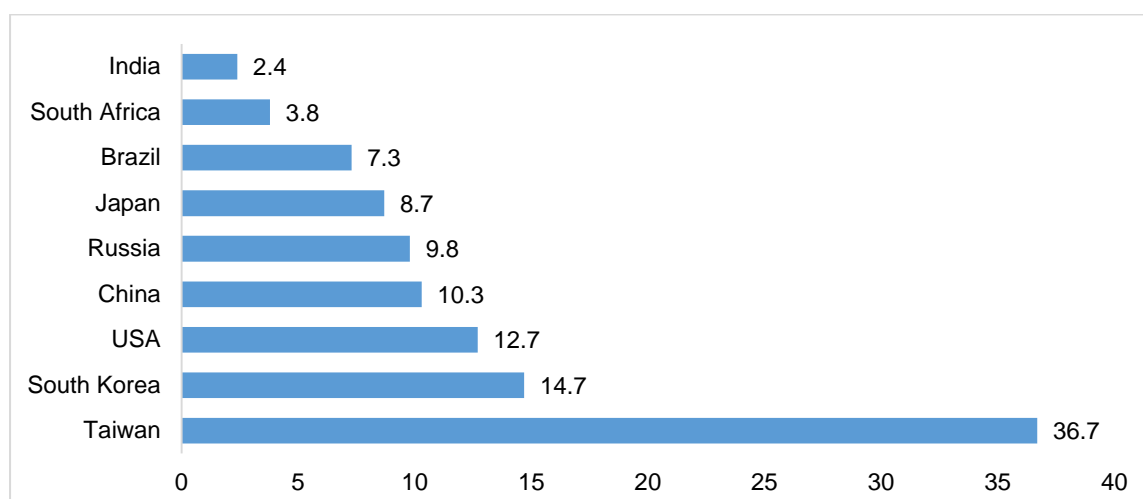
*Lack of viable substitutes driving demand*

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

*Low per capita consumption of S-PVC*

India has a very low per capita S-PVC consumption of about 2.4 kg, compared with the global average of 6 kg. We expect per-capita consumption to rise and move closer to the global average, driving S-PVC consumption.

### Per capita S-PVC consumption across various countries (kg)



Source: CRISIL Research

### Investments in the end-user segments

Demand for S-PVC largely comes from the plastic pipes industry. Plastic pipes are primarily used in irrigation and WSS projects. Major demand sources are public sector projects undertaken by the central, state and municipal bodies. Key growth drivers of S-PVC are discussed below.

Among factors that will boost S-PVC demand the top most is increased spending by state governments and municipal corporations to improve accessibility of water for a burgeoning population. Second comes the heightened government thrust on irrigation, urban infrastructure and real estate. The central government has launched various schemes to support these three sectors. They include:

- The PMKSY in the irrigation sector;
- The Jawaharlal Nehru National Urban Renewal Mission (“JNNURM”), AMRUT, Swachh Bharat Mission and Smart Cities Mission in the urban infrastructure sector; and
- The Housing for All scheme in the real estate sector.

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

### Irrigation

The irrigation sector is the key end-user segment for plastic pipes, accounting for 45-50% of the demand. Of India’s 160 million hectare (ha) of cultivated land, a little less than 50% is irrigated. Investment in the sector is expected to increase in the next five years owing to the push from state governments to increase irrigation penetration. However, in financial year 2021, CRISIL Research expects investments to decline 8-12% as states divert funds towards healthcare and other social sectors owing to the COVID-19 pandemic. In financial year 2022, the investment is expected to rise 10-15% led by states such as Maharashtra, Karnataka and Madhya Pradesh, whose need to increase irrigation coverage is urgent. Construction spend in irrigation will rise to ₹ 3.7 lakh crore over financial years 2021-2025 from ₹ 3.1 lakh crore during financial years 2016-2020.

### Urban infrastructure

Investment in urban infrastructure in financial year 2021 is expected fall 8-12% on year after the COVID-19 pandemic resulted in reduced spending due to loss of man days during the lockdown, diversion of state funds to meet social and healthcare spends and labour migration. In financial year 2022, the investment is expected to rise 15-20% as the deferred projects of financial year 2021 kicks off and the government focuses on schemes such as Swachh Bharat Mission, Jal Jeevan Mission, AMRUT and metro projects, a bulk of which were under implementation and have achieved financial closure. Over financial years 2021-2025, CRISIL Research expects urban infrastructure to see ₹ 2.9 lakh crore spending, a 1.35 times increase from the previous five financial

years. Half of the amount is expected to be in WSS projects, driven primarily by state governments and through centrally-sponsored programmes such as Jal Jeevan mission, AMRUT and Swachh Bharat Mission.

After WSS, metro construction will attract the most investment in urban infrastructure development. CRISIL Research estimates that spending in metro rail will increase 1.3 times to ₹ 1 lakh crore over the next five years. Bulk of these projects are under construction and have achieved financial closure. The lockdown and migration of labour drove investment lower in financial year 2021. However, the projects that were deferred this financial year are expected to restart in the next financial year. A number of projects announced and being implemented by various state governments will drive the medium term growth of the sector. A new metro rail policy was announced in the Union Budget for financial year 2018, which is expected to attract the private sector into the segment.

Progress of key metro projects as of financial year 2020

Metro projects	Status
Mumbai	Work for 3 lines in advanced stages, 4 more lines under implementation, total 13 lines approved
Pune	First 2 phases on track, 3rd phase awarded on PPP
Delhi	Phase 3 almost complete, phase 4 – 3 out of 6 corridors approval received
Chennai	Phase 1 ext. line to begin soon, phase 2 yet under planning
Hyderabad	Partial COD on 2 out of 3 corridors under phase 1
Bangalore	Still some time for phase 2 to end, cost revised upwards by ~20%

Source: CRISIL Research

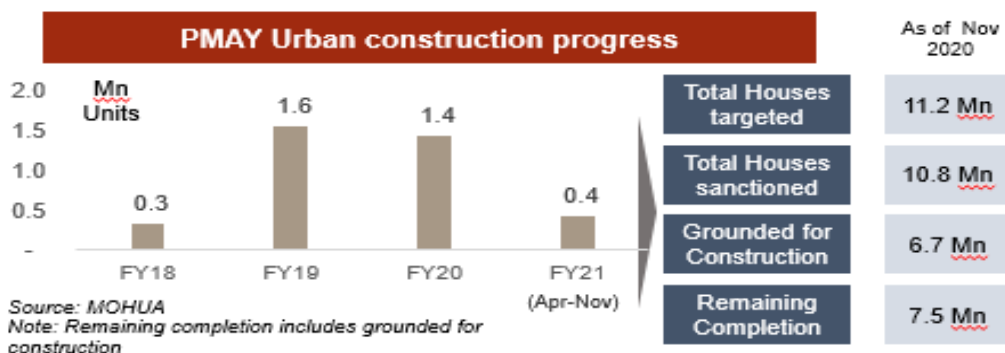
In financial year 2017, the government launched the Smart Cities Mission to transform 100 cities in the country. The project had an approved budget of ₹ 480 billion over five years. The scheme focuses on providing adequate and clean water supply, sanitation, solid waste management, efficient transportation, affordable housing for the poor, power supply, robust IT connectivity, e-governance, safety and security of citizens, health, and education. The selected cities were given a central assistance of ₹ 2 billion in the first year and promised ₹ 1 billion in each of the next four years, with a matching contribution from the state governments.

Real estate sector

Real estate is a key end-user sector for S-PVC in India with consumption of both pipes and profiles. Over the past few years, demand in the real estate sector has been sluggish. Developers had to delay giving possession of projects due to various reasons, including approval delays and financial issues. The government passed the Real Estate (Regulation and Development) Act in 2016 that put in place a regulatory system for the sector to boost the confidence of customers.

The Pradhan Mantri Awas Yojana-Urban (“PMAY-U”), a scheme coming under the Housing for All by 2022 programme, witnessed healthy construction over past three financial years, particularly in financial years 2019 and 2020. While most of the targeted houses have been sanctioned so far, over 3.5 million have already been completed. Further, almost 7 million houses were under various stages of completion as of November 2020. A total of 7.5 million houses are yet to be completed, which means supply addition in the urban real estate sector will continue.

Trend in PMAY progress



Source: CRISIL Research

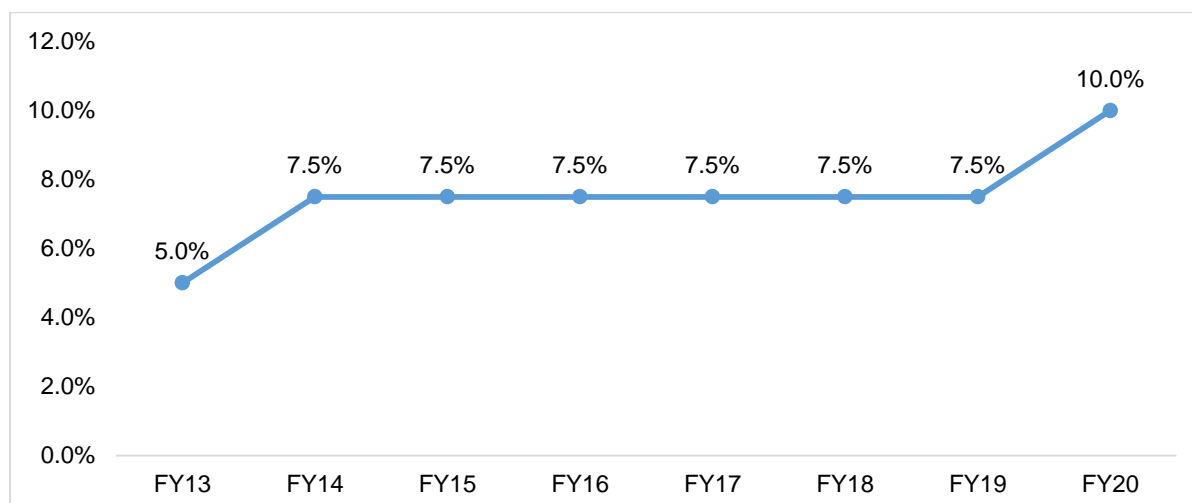
**Supply tightness to support S-PVC prices in the medium term**

In January-September 2020, S-PVC price declined 7% owing to tepid demand in key global markets. Also, demand from the construction sector, which is a key end-user of S-PVC, tumbled owing to the COVID-19 pandemic. However, in the fourth quarter of calendar 2020, S-PVC price increased a sharp 30% on-year to \$1,080 per MT due to strong demand, especially from China, and tight supply after scheduled plant turnarounds. Also, supply from the US was constrained in September and October owing to the Hurricane Laura. Higher prices of feedstock EDC and VCM also supported S-PVC price. Overall, in 2020, price of S-PVC is estimated to have risen 2-3% on-year to \$870-880 per MT.

Consequently, margin in the S-PVC manufacturing through VCM route is estimated to have expanded to \$185 per MT in 2020, owing to a fall in raw material cost. CRISIL Research expects S-PVC price to have remained elevated during the first quarter of 2021. However, after that the price is expected to see some correction with ease in supply tightness. Therefore, in 2021, we expect the price to range between \$1,000-1,100. However, a gradual recovery in demand will restrict any further decline in price.

Over the years, many S-PVC plants in China shut down or were forced to shift from mercury-based catalyst processes to mercury-free processes, because of strict environmental regulations. Around 18 mmt capacity in China is still dependent on mercury-based catalyst processes. If these also have to shut down under the Minamata Convention without replacement, then the market will get even tighter and prices/margins could increase.

Customs duty on S-PVC imports



Source: CBIC

Globally, import duty on polymers (under HS Code 39) is 14% in Brazil, 10% in the Philippines and Malaysia,

and 6.5% in China, Japan, the US and the European Union. Hence, the import duty on S-PVC in India is nearly in line with the duty rates in global economies.

### **Peer comparison**

RIL, CCVL and Finolex Industries are the top three manufacturers of S-PVC in India. RIL dominates the market in the western region, while CCVL, along with DCW, have their plants in the southern region. In the north, only DCM Shriram has manufacturing facility. RIL is integrated backward as it produces ethylene, chlorine, EDC and VCM at its petrochemical plants located in Gujarat.

CCVL's S-PVC plant is located at Cuddalore, which has a captive import terminal facilitating VCM imports for PVC production. It sells majority of its produce to customers in South and East India.

Finolex also has production units for EDC and VCM, which partly meet its raw material requirement for PVC.

DCM Shriram produces PVC through the calcium carbide route. In this process, Acetylene (produced from calcium carbide) is reacted with Hydrochloric acid to produce VCM, and then the VCM is polymerised to make PVC. The following table presents a profile of key players operating in the S-PVC sector:

### Peer comparison: S-PVC as of December 31, 2020

Player	Capacity (KTPA)	Location	Region	Backward integration					Forward integration
				Calcium carbide	Ethylene	Chlorine/HCl	EDC	VCM	
Reliance Industries Limited	770	Dahej, Vadodara, Hazira (Gujarat)	West						
CCVL	300	Cuddalore (TN)	South						
Finolex Industries Limited*	250	Ratnagiri (Maharashtra)	West						
DCW	90	Tuticorin (TN)	South						
DCM Shriram	82	Kota (Rajasthan)	North						

Note: \* Finolex has EDC capacity to meet 50% of their requirement.

Source: Company reports, CRISIL Research

## OUR BUSINESS

*The industry-related information contained in this section is derived from a report titled “Market assessment of PVC, caustic soda, chloromethanes, hydrogen peroxide and custom manufacturing” dated March 2021 prepared by CRISIL Limited (the “CRISIL Report”), and commissioned and paid for by our Company in connection with the Offer. In this section, unless the context otherwise requires, references to “we”, “us”, “our” and similar terms are to Chemplast Sanmar Limited, on a consolidated basis.*

*Our Company manufactured suspension PVC resin until Financial Year 2018. The undertaking engaged in suspension PVC resin business was demerged from our Company to Chemplast Cuddalore Vinyls Limited (“CCVL”), on a going concern basis, with effect from April 1, 2018, pursuant to a scheme of arrangement (the “Composite Scheme of Arrangement”). CCVL became our wholly owned subsidiary on March 31, 2021 pursuant to the acquisition of CCVL by our Company (“CCVL Acquisition”), and our financial statements for the Financial Year 2021 included in the Prospectus includes the effect of the results of operations and financial condition of CCVL from April 1, 2020 considering the requirements of applicable accounting standard and read with the requirements of the SEBI ICDR Regulations. Our financial information and financial statements as at and for the financial year ended March 31, 2021 is not comparable with the financial information and financial statements as at and for financial years ended March 31, 2020 and 2019 on account of CCVL Acquisition. We have also included the discussion on the financial condition and results of standalone operations of CCVL as of and for the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019. For details, see “CCVL Standalone Financial Statements” and “Results of Operations of CCVL” on pages 199 and 428, respectively. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. In this section, unless the context otherwise requires, references to “we”, “us”, “our” and similar terms are to Chemplast Sanmar Limited, on a consolidated basis.*

*Unless otherwise stated, all financial information of our Company used in this section has been derived from our Restated Consolidated Summary Statements and all the financial information of CCVL used in this section has been derived from CCVL’s Standalone Financial Statements. The financial information of our Company, on a consolidated basis, includes financial information of our Company, its Associate and Joint Venture.*

### Overview

CSL is a specialty chemicals manufacturer in India with focus on specialty paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is one of India’s leading manufacturers of specialty paste PVC resin on the basis of installed production capacity, as of December 31, 2020. In addition, CSL is also the third largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide in the South India region, on the basis of installed production capacity as of December 31, 2020 and one of the oldest manufacturers in the chloromethanes market in India. (Source: CRISIL Report) Pursuant to the CCVL Acquisition, we acquired 100.0% equity interest in CCVL that is the second largest manufacturer of suspension PVC resin in India and the largest manufacturer in the South India region, on the basis of installed production capacity as of December 31, 2020 (Source: CRISIL Report).

According to the CRISIL Report, high barriers to entry and limited competition is expected to benefit existing manufacturers of specialty paste PVC resin in India in the medium term and the demand for specialty paste PVC resin is expected to grow at a CAGR of 6% to 8% between Financial Years 2022 and 2025. The demand for custom manufacturing catered by Indian manufacturers is likely to grow at a CAGR of approximately 12% between Financial Years 2020 and 2025, due to the higher penetration of pharmaceutical molecule, compound and active pharmaceutical ingredient manufacturing in India and India becoming a key supplier of non-commercially available molecules or monomers or polymers. Further, custom manufacturing for agrochemical sectors is also likely to witness a boost with discovery chemistry pertaining to agricultural sector gaining more traction. Demand for caustic soda is also expected to grow at a CAGR of 4% to 5% between Financial Years 2020 and 2025, led by increasing demand from the alumina and chemical industries. Further, the demand in the Indian market for chloromethanes and hydrogen peroxide is expected to grow at a CAGR of 8% to 9% and 6% to 7% between Financial Years 2020 and 2025, respectively. In addition, domestic demand for suspension PVC resin is expected to grow at a CAGR of 7.5% to 8.5% between Financial Years 2021 and 2025 (Source: CRISIL Report). We believe that we are well-positioned to benefit from the industry growth given the chemicals industry is knowledge intensive, involves complex chemistries, is subject to high quality standards and stringent impurity specifications for processes and product capabilities, and is based on complex products that are difficult to replicate.



We have four manufacturing facilities, of which three are located in Tamil Nadu at Mettur (“**Mettur Facility**”), Berigai (“**Berigai Facility**”) and Cuddalore (“**Cuddalore Facility**”), and one is located in Puducherry at Karaikal (“**Karaikal Facility**”). We believe that our integrated business model for production of specialty paste PVC resin and chloromethanes has been critical to our success.

The following table sets forth the installed production capacity as of March 31, 2021, and capacity utilization at each of our manufacturing facilities (other than Berigai Facility) for the Financial Years 2021, 2020 and 2019:

Manufacturing facility	Installed production capacity (in kt per annum)	Capacity utilization (%)		
		For Financial Year 2021	For Financial Year 2020	For Financial Year 2019
<b>Mettur Facility</b>				
Specialty paste PVC resin	66	91%	100%	96%
Caustic soda	67	64%	82%	102%
Chloromethanes	35	91%	99%	100%
Hydrogen peroxide	34*	42%	21%	-**
Refrigerant gas	1.70	30%	75%	39%
<b>Karaikal Facility</b>				
Caustic soda	52	36%	57%	65%
<b>Cuddalore Facility</b>				
Suspension PVC resin	300	88%	91%	95%

\* The hydrogen peroxide capacity is calculated at 50% concentration level in line with industry standards.

\*\* The hydrogen peroxide plant was commissioned in Financial Year 2020.

We custom manufacture multiple products at our Berigai Facility and the following table sets forth the installed production capacity and operating production capacity and capacity utilization at our Berigai Facility for the Financial Years 2021, 2020 and 2019:

Capacity*	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)
Installed production capacity	1068	62%	1032	64%	900	51%
Operating production capacity**	934	71%	904	74%	785	59%

\* The information relating to the installed capacity of the Berigai Facility as of the dates included above are based on various assumptions and estimates that have been taken into account for calculation of the installed capacity. These assumptions and estimates include the standard capacity calculation practice of specialty chemicals industry after examining the calculations and explanations provided by our Company and the reactor capacities and other ancillary equipment installed at the Berigai Facility. The assumptions and estimates taken into account include the number of working days in a year as 365 days.

\*\* Operating capacity is given considering the fact that this is a multipurpose facility which produces basket of products. Operating capacity is arrived at after considering shutdown/change over between various products.

We have a coal-based captive power plant of 48.5 MW at our Mettur Facility and two natural gas-based captive power plants of 8.5 MW and 3.5 MW respectively, at our Karaikal Facility. We have also leased a salt field from the Government of Tamil Nadu at Vedaranyam, Tamil Nadu. We have approval from the TNPCB to extract up to 400 kt of salt per annum. The lease has expired and we are in the process of renewing the lease deed. For further details, see “*Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired*” on page 34.

We have a strong focus on sustainability in all aspects of our operations. Our manufacturing facilities are certified ISO 9001:2015 for quality management systems and ISO 45001:2018 for occupational health and safety management systems, to the extent required. In addition, we have received the Indian Chemical Council certification ‘Responsible Care’ for maintaining best practices in our operations. The Cuddalore Facility was awarded a 5 star grading in an Occupational Health and Safety Audit from the British Safety Council for Financial Year 2020. We have established desalination units at our Karaikal and Cuddalore Facilities, and also adopted “zero” liquid discharge at all of our manufacturing facilities, and no treated liquid effluent from manufacturing operations at our manufacturing facilities is discharged onto the land or into any water body. We have also voluntarily conducted yearly sustainability audits for each of our manufacturing facilities since Financial Year 2011.

We are a part of the SHL Chemicals Group, which in turn is a constituent of the Sanmar Group, one among the oldest and most prominent corporate groups in the South India region. Fairfax India Holdings Corporation (“Fairfax”), a well-known international investor led by Mr. Prem Watsa, based in Canada, has invested, through FIH Mauritius Investments Limited, in the SHL Chemicals Group since 2016.

Our Company has a strong management team with extensive experience in the chemicals industry and a track record of operational excellence. Our Board of Directors includes a combination of management executives and independent directors who bring in significant business expertise. We believe that the combination of our experienced Board of Directors and our dynamic management team positions us well to capitalize on future growth opportunities.

We have an established track record of delivering robust financial performance. CSL’s total income, on a consolidated basis, for the Financial Years 2021, 2020 and 2019 was ₹ 38,151.08 million, ₹ 12,655.10 million and ₹ 12,667.74 million, respectively. CSL’s EBITDA, on a consolidated basis, for the Financial Years 2021, 2020 and 2019 was ₹ 11,272.20 million, ₹ 2,545.20 million and ₹ 2,980.50 million, respectively. CSL’s profit before tax, on a consolidated basis, for the Financial Years 2021, 2020 and 2019 was ₹ 5,471.91 million, ₹ 717.02 million and ₹ 1,933.99 million, respectively.

The total income of CCVL for the Financial Years 2020 and 2019 was ₹ 18,903.38 million and ₹ 20,599.54 million, respectively. The EBITDA of CCVL for the Financial Years 2020 and 2019 was ₹ 977.94 million and ₹ 2,092.14 million, respectively. The profit / (loss) before tax of CCVL for the Financial Years 2020 and 2019 was ₹ (1,672.11) million and ₹ 1,209.68 million, respectively.

### **Competitive Strengths**

We believe that following are our principal strengths:

#### ***Well-positioned to capture favorable industry dynamics***

Our business benefits from favorable underlying market drivers, both in terms of demand and supply.

#### ***Specialty paste PVC resin***

Due to factors such as low per capita consumption of specialty paste PVC resin in India compared to other countries, lack of substitutes for specialty paste PVC resin, expected growth in the end-user industries such as leather footwear and automotive upholstery, expected increase in demand for vinyl gloves and government initiatives such as ‘Make in India’ to boost investment in production of artificial leather and reduce dependence on imports, one of its key end-user industries, the demand for specialty paste PVC resin is expected to grow at a CAGR of 6% to 8% between Financial Year 2022 and Financial Year 2025. (Source: CRISIL Report)

There is also a supply deficit of specialty paste PVC resin in the Indian market which is further impacted by limited supply sources of specialty paste PVC resin in India and rationalization of specialty paste PVC resin capacities globally. Given that we manufacture significant portion of our EDC and all of our VCM requirements, the intermediates required for manufacturing specialty paste PVC resin, in-house, our reliance on external suppliers reduces, thereby helping us maintain a steady production stream of specialty paste PVC resin.

In addition, our business benefits from repeat customers. We believe that customers of specialty paste PVC resin develop their products based on the characteristics of specialty paste PVC resin that they regularly utilize and accordingly, they tend to buy from the same supplier in order to ensure consistency in the quality of their product.

Approximately 45% of demand in India for specialty paste PVC resin is being met by imports (Source: CRISIL Report). CSL is the largest manufacturer of specialty paste PVC resin in India, on the basis of installed production capacity as of December 31, 2020, and catered to 45% and 44% of the demand for specialty paste PVC resin in India in Financial Years 2020 and 2019, respectively, with 82.0% and 84.0% market share of the specialty paste PVC resin manufactured and sold in India, respectively.

However, no new manufacturers have entered the specialty paste PVC resin market in several years largely on account of lack of availability of raw material and technology. Accordingly, high barriers to entry and limited competition is expected to benefit existing manufacturers of specialty paste PVC resin in India in the medium

term. (Source: CRISIL Report)

#### *Custom manufacturing*

Due to factors such as availability of skilled workers at lower rates compared to developed economies, surge in global demand for food grains, growth in demand for drugs and hygiene products, the revised strategy of major economies to reduce their dependence on a single country and government initiatives to support growth of pharmaceutical sector such as introduction of production linked incentive scheme (“**PLI Scheme**”) for bulk drug parks; higher penetration of pharmaceutical, molecule, compound, or API manufacturing and India becoming a key supplier of non-commercially available molecules or monomers or polymers, the demand for custom manufacturing is likely to grow at a CAGR of approximately 12% between Financial Years 2020 and 2025. (Source: CRISIL Report)

#### *Chloromethanes*

Due to factors such as rapid growth in the pharmaceutical industry, rising demand for agrochemicals and increase usage of hydrofluorocarbons that use methylene chloride (“**MDC**”) as raw material, the demand for chloromethanes in India is expected to grow at a CAGR of 8% to 9% between Financial Years 2020 and 2025. (Source: CRISIL Report)

#### *Caustic soda*

CRISIL Reports expects to witness growth in the demand for caustic soda due to factors such as increasing demand from the alumina and chemicals industries. The Government of India has also announced the setting up of seven mega-textile parks over the next three years to grow the textile industry, one of the end-user industries. Accordingly, the demand for caustic soda is expected to grow at a CAGR of 4% to 5% between Financial Years 2020 and 2025. (Source: CRISIL Report)

#### *Hydrogen Peroxide*

CRISIL Report expects to witness growth in the hydrogen peroxide industry at a CAGR of 6% to 7% between Financial Years 2020 and 2025 due to factors such as growth in paper and pulp and textile industries, increase in the volume of crude oil being processed by existing and upcoming refineries in India and growth in the demand for disinfectants post COVID-19. (Source: CRISIL Report)

#### *Suspension PVC resin*

The demand for suspension PVC resin is expected to grow at a CAGR of 7.5% to 8.5% between Financial Years 2021 and 2025 due to a number of factors including lack of viable substitutes for suspension PVC resin, low per capita consumption of suspension PVC resin in India compared to other countries, increased investments in the end-user industries such as irrigation, urban infrastructure and real estate. (Source: CRISIL Report)

In suspension PVC resin market, there is significant gap between demand and supply with less than 50% of the demand in India being met by domestic production. CCVL is the second largest manufacturer of suspension PVC resin in India, on the basis of installed production capacity as of December 31, 2020, with market share of 19.0% and 20.0% of the suspension PVC resin manufactured and sold in India in Financial Years 2020 and 2019, respectively. CCVL is also the largest manufacturer of suspension PVC resin in the South India region, on the basis of installed production capacity as of December 31, 2020 and catered to 38.0% and 42.0% of the demand for suspension PVC resin in the South India region in Financial Years 2020 and 2019, respectively. Further, the lack of new supply sources due to a rebalancing in the global market has created additional supply constraints. (Source: CRISIL Report)

We believe that we are well-positioned to benefit from the industry growth given that the chemicals industry is knowledge intensive, involves complex chemistries and is subject to high quality standards and stringent impurity specifications for processes and product capabilities.

#### ***Leadership Position in an Industry with High Barriers to Entry***

CSL is a specialty chemicals manufacturer in India with focus on specialty paste PVC resin and custom manufacturing of starting materials and intermediates for pharmaceutical, agro-chemical and fine chemicals sectors. CSL is one of India’s leading manufacturers of specialty paste PVC resin, on the basis of installed

production capacity as of December 31, 2020. In addition, CSL is also the third largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide, each in the South India region, on the basis of installed production capacity as of December 31, 2020 and one of the oldest manufacturers in the chloromethanes market in India. (Source: CRISIL Report) Pursuant to the CCVL Acquisition, we acquired 100.0% equity interest in CCVL that is the second largest manufacturer of suspension PVC resin in India and the largest manufacturer in the South India region, on the basis of installed production capacity as of December 31, 2020. (Source: CRISIL Report)

We believe our success in the chemicals markets is based on our ability to compete successfully in a technologically intensive industry, as well as our capability to identify, develop and improve the performance of specialty products which meet the stringent technical performance requirements of our customers. Deploying such modern machinery in the most efficient way, however, requires years of accumulated industrial know-how. Given our scale, we believe replicating such an installed base would require substantial capital investments, time and in-depth knowledge.

In custom manufacturing, we leverage our chemistry process research and manufacturing capabilities to focus on providing custom made intermediates to end molecules that are in the early stages of their life cycles. This gives us the opportunity to be the initial suppliers for such products to the patent holders. We believe our leadership position has enhanced our ability to benefit from increasing economies of scale with stronger purchasing power and a lower overall cost base, thereby maintaining a competitive cost structure.

The custom manufacturing industry has significant entry barriers, including customer validation and approvals, expectation from customers for process innovation and cost reduction, high quality standards and stringent specifications. Further, the end customers are usually required to register the manufacturer with the regulatory bodies as a supplier of intermediate products or active ingredients. As a result, any change in the manufacturer of the intermediate product or active ingredient may require customers to expend significant time and resources, resulting in switching to new suppliers becoming a lengthy and cumbersome process.

### ***Vertically integrated operations***

CSL has vertically-integrated operations for manufacturing of its products. We believe our vertically-integrated business model brings us significant advantages, including:

- *Stable supply of raw materials.* Due to our internal manufacturing of EDC, VCM and chlorine, the intermediates required for the manufacturing of our products, we reduce our reliance on external suppliers of these raw materials, thereby helping to maintain a steady production stream. For the Financial Years 2021, 2020 and 2019, we utilized ₹ 1,809.41 million, ₹ 1,019.83 million and ₹ 596.25 million of raw materials that were manufactured by us, constituting 14% (3% on a consolidated basis), 23% and 44% of our total raw materials consumed, respectively. Further, we rely on our own marine terminal facilities at Karaikal and Cuddalore that allows for efficient transport of key raw materials such as ethylene and VCM as well as finished products such as caustic soda manufactured by us.;
- *Competitive cost structure.* As we produce EDC, VCM, chlorine and hydrogen that is used internally at our Mettur and Karaikal Facilities, we are able to lower our costs of raw materials and achieve savings on corresponding transportation costs. We have also leased a salt field at Vedaranyam, Tamil Nadu from the Government of Tamil Nadu, to ensure a steady supply of salt that is utilized in the manufacture of caustic soda, that further enables us to lower our costs of raw materials. The lease has expired and we are in the process of renewing the lease deed. For further details, see “*Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired*” on page 34. In addition, with power and steam supplied by our own power plants, we are able to minimize our utility costs. As a result, we believe that our vertically-integrated model has improved our profit margins;
- *Sustainable development.* We endeavor to fully utilize the by-products from our manufacturing process. For example, we produce hydrogen peroxide using hydrogen produced as a by-product during the manufacturing of caustic soda and chlorine;
- *Incremental revenues.* We are able to sell joint products such as caustic soda and value added products such as chloromethanes, to maximize efficiency of our operations and enhance our revenues and profits; and

- *Flexible manufacturing planning.* Our integrated manufacturing facilities allow us to produce a broad range of products across the manufacturing chain. Through effective controls, we are able to closely monitor and efficiently manage manufacturing volumes and product mix as well as optimize the efficiency of the overall manufacturing process.

### ***Quality Manufacturing Facilities with a strong focus on sustainability***

We have four manufacturing facilities, of which three are located in Tamil Nadu and one is located in Puducherry. We believe quality is a key differentiator in our business and have made strong efforts to adopt uniform manufacturing standards across all our facilities and to achieve standardized quality for all of our products. Our manufacturing facilities are certified ISO 9001:2015 for quality management systems and ISO 45001:2018 for occupational health and safety management systems, to the extent required. In addition, we have received the Indian Chemical Council certification 'Responsible Care' for maintaining best practices in our operations. Further, our manufacturing facilities have received several prestigious awards over the years including from FICCI, CII and Tamil Nadu State Government.

We also have a strong focus on sustainability in all aspects of our operations. We have established desalination units at our Karaikal and Cuddalore Facilities, and have installed zero discharge facilities at our manufacturing facilities for the treatment of all liquid effluents, wherein no treated liquid effluent from our manufacturing operations at our manufacturing facilities is discharged on to the land or into any water body. The Karaikal Facility also has reed bed that is used for the treatment of sewage and waste water. The Mettur Facility has rain water harvesting and ground water recharging capacities. We have also installed sewage treatment plants at our facilities. We have also adopted various measures to optimize energy conservation such as installing variable frequency drive in coal based power plant boilers. We have also voluntarily conducted yearly sustainability audits for each of our manufacturing facilities since Financial Year 2011. The Cuddalore Facility has four polymer reactors that uses clean reactor technology to eliminate exposure and waste generation.

We believe that having such a strong focus on sustainability is beneficial for our business operations as (i) we face minimal disruptions from neighboring communities where our manufacturing facilities are located; (ii) we receive more enquiries from potential customers for custom manufacturing due to their increased focus on sustainability; and (iii) it helps reduce our power and water costs.

### ***Operational excellence***

We have incurred significant capital expenditure to develop the specialty paste PVC resin manufacturing facility and intend to further invest ₹ 2,560.00 million by Financial Year 2024 to further enhance our manufacturing capacity. Further, we had invested ₹ 1,130.00 million in Financial Year 2020 to purchase plant, machinery and technology for our hydrogen peroxide plant. We believe these investments position us well to capture future market growth and our commitment to operational excellence would allow us to remain an industry leader.

We believe our network is well-managed with close quality control of our sites, dedicated IT systems and strong reporting tools, which allow information sharing and internal benchmarking. We also provide our employees with a range of regular internal trainings across all levels and divisions to foster the development of multiple skill sets, resulting in a more efficient utilization of our workforce. Our IT systems play a key role in our operations, helping us to efficiently manage our operations and providing us with a significant competitive advantage against smaller manufacturers.

We derive operational efficiencies by centralizing and sharing certain key functions across our businesses with other companies in The Sanmar Group such as finance, legal, information technology, strategy, procurement and human resources. We invest significant management resources to ensure that we leverage existing inter-linkages between our businesses and are able to maximize the potential synergies amongst them.

### ***Strong Parentage and Experienced management team***

We are a part of the SHL Chemicals Group, which in turn is a constituent of The Sanmar Group, one among the oldest and most prominent corporate groups in the South India region. Fairfax, a reputed international investor led by Mr. Prem Watsa, based in Canada, has invested, through FIH Mauritius Investments Limited in the SHL Chemicals Group since 2016.

Our Company has a strong management team with extensive experience in the chemicals industry and a track record of operational excellence, which we believe is necessary to successfully lead the development of our

business. The management team is led by Mr. Ramkumar Shankar, who has several years of industry experience. The key management team consists of 10 individuals who average approximately 30 years of experience in the industry. The commitment and strong track record of our management team provides stability in the execution of our business plan. We also invest significant resources in training our employees and our strong focus on employee development has enabled us to maintain high levels of employee retention over the years. Further, our key management team has, in the past, occupied, and continues to occupy, leadership roles in industry associations.

Our Board of Directors, includes a combination of management executives and independent directors who bring in significant business expertise. We believe that the combination of our experienced Board of Directors and our dynamic management team positions us well to capitalize on future growth opportunities.

## **Our Strategies**

The primary elements of our business strategy are provided below:

### ***Focus on developing and improving our product portfolio***

We continue to seek to develop or improve products and processes to meet demands of our existing customers, to further enhance the performance of our specialty products and to respond to increasing compliance requirements under the environmental regulations. We also believe that specialty products have high barriers to entry and as such provide better operating margins. As a result, we also plan to leverage our strong process chemistry and engineering skills to perform custom manufacturing for a range of multinational innovator companies and cater to customers across new industry verticals and in new geographies to grow our business.

### ***Expanding our production capacities***

According to the CRISIL Report, high barriers to entry and limited competition is expected to benefit existing manufacturers of specialty paste PVC resin in India in the medium term and the demand for specialty paste PVC resin is expected to grow at a CAGR of 6% to 8% between Financial Years 2022 and 2025. In addition, the demand for custom manufacturing catered by Indian manufacturers is likely to grow at a CAGR of approximately 12% between Financial Years 2020 and 2025 and the demand for caustic soda is expected to grow at a CAGR of 4% to 5% between Financial Years 2020 and 2025. Further, the demand for suspension PVC resin is expected to grow at a CAGR of 7.5% to 8.5% between Financial Years 2021 and 2025. (*Source: CRISIL Report*) Given the expected continuing strong demand for our products, we intend to continue to add production capacity selectively to our business lines.

Going forward, we are proposing to expand our operations by (i) increasing the installed production capacity of specialty paste PVC resin by 35 kt; (ii) setting up a multipurpose facility with two blocks for our custom manufacturing operations; and (iii) increasing the installed production capacity of suspension PVC resin by 31 kt by de-bottlenecking the suspension PVC resin plant. We also intend to improve our operational efficiencies in our manufacturing process at the Karaikal Facility by de-bottlenecking the caustic soda plant. To minimize any market disruption from this additional production capacity, these expansions have been well planned, and will be rolled out gradually according to our strategic business plan between Financial Years 2022 and 2025. We have committed capital expenditure outlay of ₹ 6,195.00 million for these expansion activities. For details, see “– *Manufacturing Facilities – Proposed expansion of manufacturing facilities*” on page 146.

### ***Improving financial performance through focus on operational efficiencies***

We are committed to prudent balance sheet management and maximizing our free cash flow through our continued disciplined approach to financial management. In particular, we are focused on managing our working capital more efficiently, which assists in freeing up additional capital to support the growth of the business. Our focus on maximizing free cash flow should enable us to reduce our overall indebtedness and improve our credit metrics. Currently, we expect to use up to ₹ 12,382.50 million of the Net Proceeds from the Offer to repay existing indebtedness. See, “*Objects of the Offer*” on page 89.

We intend to continue to actively manage our operating costs to improve margins through various measures, including:

- De-bottlenecking of facilities to improve operational metrics. For instance, we increased the manufacturing capacity at Cuddalore Facility from 160 kt in Financial Year 2009 to 300 kt as of March 31, 2021. We are

currently increasing the installed production capacity of suspension PVC resin by 31 kt by de-bottlenecking the suspension PVC resin plant at Cuddalore which is expected to be completed by Financial Year 2023;

- Continue to focus on selling a significant majority of our non-specialty products to customers in South and East India to save on freight costs;
- Sustained measures taken to optimise conversion cost of suspension PVC resin; and
- Leveraging the scale of our operations to source raw materials at favorable prices and optimizing our logistics cost.

## DESCRIPTION OF OUR BUSINESS

CSL is a leading specialty chemicals manufacturer. CSL is primarily engaged in the manufacturing and sales of specialty chemicals such as specialty paste PVC resin as well as starting materials and intermediates for pharmaceutical, agro-chemical and fine chemical sectors as part of its custom manufacturing operations. In addition, CSL also manufactures and sells other chemicals, namely, caustic soda, chloromethanes, refrigerant gas and hydrogen peroxide. CSL also manufacture intermediate products such as EDC, VCM, chlorine and hydrogen that are used as raw materials for our products. CCVL, which became our wholly-owned subsidiary pursuant to the CCVL Acquisition, manufactures, distributes and sells suspension PVC resin. We believe that a diversified product portfolio as ours provides us with a degree of resilience through economic cycles and diminishes the risk associated with the dependence on any particular product.

### Products

#### *Specialty chemicals*

##### Specialty paste PVC resin

Specialty paste PVC resin is primarily used by end-user industries to produce, among other things, artificial leather, tarpaulin, gloves, conveyor belts and coated fabrics. We started manufacturing specialty paste PVC resin in Financial Year 1968. For the Financial Years 2021, 2020 and 2019, we manufactured 59,860 mt, 65,845 mt and 63,070 mt of specialty paste PVC resin and sold 62,592 mt, 64,082 mt and 62,131 mt of specialty paste PVC resin.

##### Custom Manufacturing operations

We custom manufacture starting materials and intermediates for multinational innovator companies in the agrochemical, pharmaceutical and fine chemicals industry. In our custom manufacturing operations, the processes and technical specifications are developed in consultation with a customer and the product is made for a specific customer. We provide a spectrum of services across the value chain that includes process research, process development and scale-up, analytical studies, plant engineering and commercial scale manufacturing.

#### *Other chemicals*

##### Caustic soda

Caustic soda is generated as a joint product in the process of manufacture of chlorine. Caustic soda is used by various industries such as textiles, paper and pulp, water treatment, alumina, organic chemicals, inorganic chemicals, pharmaceuticals, soaps and detergents and chlorinated paraffin wax. We started manufacturing caustic soda in Financial Year 1989. For the Financial Years 2021, 2020 and 2019, we manufactured 61,881 mt, 84,394 mt and 101,875 mt of caustic soda and sold 58,720 mt, 79,821 mt and 97,490 mt of caustic soda.

##### Chloromethanes

Chloromethanes refers to a group of products namely, methyl chloride, methylene chloride (“MDC”), chloroform and carbon tetra chloride (“CTC”). MDC is primarily used as a solvent in pharmaceuticals, as raw material in refrigerants and agrochemicals and as a foam blowing agent. Chloroform is primarily used as a solvent in pharmaceuticals and as raw material in manufacturing fluoro polymers. CTC is primarily used as raw material in cypermethrin, an insecticide and as raw material in new generation refrigerants, namely hydrofluoro olefins. We started manufacturing chloromethanes in Financial Year 1989. For the Financial Years 2021, 2020 and 2019, we manufactured 31,833 mt, 34,564 mt and 35,173 mt of chloromethanes and sold 30,900 mt, 32,847 mt and 33,833 mt of chloromethanes.

## Refrigerant Gas

Refrigerant gas is primarily used as a cooling agent in air-conditioning systems. For the Financial Years 2021, 2020 and 2019, we manufactured 516 mt, 1,279 mt and 664 mt of refrigerant gas and sold 617 mt, 1,154 mt and 672 mt of refrigerant gas.

## Hydrogen peroxide

Hydrogen peroxide is primarily used for textile bleaching, paper and pulp bleaching, and water treatment. We started manufacturing hydrogen peroxide in Financial Year 2020. For the Financial Years 2021 and 2020, we manufactured 14,429 mt and 7,032 mt of hydrogen peroxide and sold 14,638 mt and 6,041 mt of hydrogen peroxide, respectively.

## Suspension PVC resin

Suspension PVC resin is a grade of PVC that is primarily used by end-user industries to produce pipes and fittings, films and sheets, window and door profiles, wires and cables. For the Financial Years 2021, 2020 and 2019, CCVL manufactured 2,62,971 mt, 273,157 mt and 284,350 mt of suspension PVC resin and sold 273,296 mt, 271,300 mt and 279,462 mt of suspension PVC resin, respectively.

The following table sets forth the realization, in terms of our revenue from operations per metric ton, for each of our products for the years indicated:

	(in ₹/MT)		
Product	Financial Year 2021	Financial Year 2020	Financial Year 2019
Specialty Paste PVC resin	119,292	98,265	89,197
Caustic soda	21,619	30,238	36,752
Chloromethanes	46,208	44,333	50,471
Hydrogen peroxide*	24,589	32,414	-**
Refrigerant gas	335,918	342,611	386,514
Suspension PVC resin	91,856	69,243	73,409

\* The hydrogen peroxide capacity is calculated at 50% concentration level in line with industry standards and accordingly, the realization is also calculated at 50% concentration level.

\*\* The hydrogen peroxide plant was commissioned in Financial Year 2020.

The following table sets forth the revenue from operations contributed by each of our Company's products and the percentage of our total revenue from operations on a standalone basis for the years indicated:

	(₹ in millions, except for percentages)					
Products	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Revenue from Operations	As % of total Revenue from Operations	Revenue from Operations	As % of total Revenue of Operations	Revenue from Operations	As % of total Revenue from Operations
Specialty Paste PVC Custom manufacturing operations	7,466.71	57.96%	6,297.02	50.07%	5,541.94	44.18%
<b>Total specialty products</b>	<b>9,159.23</b>	<b>71.09%</b>	<b>7,516.95</b>	<b>59.77%</b>	<b>6,426.68</b>	<b>51.24%</b>
Chloromethanes	1,427.80	3.76%	1,456.22	11.58%	1,707.60	13.61%
Caustic Soda	1,269.47	3.34%	2,413.61	19.19%	3,582.95	28.56%
Hydrogen Peroxide	359.93	0.95%	195.82	1.56%	-*	-*
Refrigerant gas	207.28	0.55%	395.49	3.14%	259.73	2.07%
Others	459.69	1.21%	598.48	4.76%	566.41	4.52%
Total	12,883.40	100%	12,576.57	100%	12,543.37	100%

\* The hydrogen peroxide plant was commissioned in Financial Year 2020.

In addition, through its subsidiary revenue from the sale of suspension PVC was ₹ 25,103.85 million, 18,785.47 million and 20,515.01 million which accounted for 100% of CCVL's revenue from operations for the Financial Years 2021, 2020 and 2019, respectively.

## **Manufacturing facilities**



We have four manufacturing facilities, of which three are located in Tamil Nadu and one is located in Puducherry. As of March 31, 2021, our manufacturing facilities in aggregate are spread across approximately 598.19 acres.

#### *Mettur, Tamil Nadu*

The Mettur Facility has a specialty paste PVC resin plant, a caustic soda plant, a chloromethanes plant, a hydrogen peroxide plant and a refrigerant gas plant. We manufacture specialty paste PVC resin, caustic soda, chlorine, hydrogen, chloromethanes, hydrogen peroxide and refrigerant gas at this facility. The Mettur Facility is automated with distribution control systems. This facility sources power from a coal-based captive power plant of 48.5 MW and, if necessary, from the Tamil Nadu Generation and Distribution Corporation Limited (“TANGEDCO”). The Mettur Facility also has two diesel generators to meet emergency power requirements. The Mettur Facility depends on the water drawn from the Stanley reservoir for supply of water. In addition, we have leased a salt field from the Government of Tamil Nadu at Vedaranyam, Tamil Nadu, to ensure a stable supply of one of the raw materials for production of caustic soda, salt. The lease has expired and we are in the process of renewing the lease deed. For further details, see “Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired” on page 34.

The following table sets forth the installed production capacity of various plants in the Mettur Facility as of March 31, 2021 and the capacity utilization for the Financial Years 2021, 2020 and 2019:

Production plant	Installed production capacity (in kt)	Capacity utilization (%)		
		Financial Year 2021	Financial Year 2020	Financial Year 2019
Specialty paste PVC resin	66	91%	100%	96%
Caustic soda	67	64%	82%	102%
Chloromethanes	35	91%	99%	100%
Hydrogen peroxide	34*	42%	21%	..**
Refrigerant gas	1.70	30%	75%	39%

\* The hydrogen peroxide capacity is calculated at 50% concentration level in line with industry standards.

\*\* The hydrogen peroxide plant was commissioned in Financial Year 2020.

#### *Berigai, Tamil Nadu*

The Berigai Facility is involved in the custom manufacturing of starting materials and intermediates. It is a batch operated multi-purpose plant with a range of glass lined and stainless steel reactors and other allied equipment. We are able to manufacture various products depending on the customer requirements. The Berigai Facility is automated with distributed control systems and modern technologies. As of March 31, 2021, the Berigai Facility also has capabilities to support development work in various chemistries such as cyanation, hydrogenation and distillation at the laboratory scale and pilot scale (less than 5 kg/batch). The Berigai Facility sources power from TANGEDCO. The Berigai Facility also have three diesel generators to meet emergency power requirements. Further, the Berigai Facility has an uninterrupted power supply source as an additional safety purpose for the critical process equipment. The Berigai Facility sources water from the bore well.

The following table sets forth the installed production capacity and operating production capacity and capacity utilization at our Berigai Facility for the Financial Years 2021, 2020 and 2019:

Capacity*	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)
Installed production capacity	1068	62%	1032	64%	900	51%
Operating production capacity**	934	71%	904	74%	785	59%

\* The information relating to the installed capacity of the Berigai Facility as of the dates included above are based on various assumptions and estimates that have been taken into account for calculation of the installed capacity. These assumptions and estimates include the standard capacity calculation practice of specialty chemicals industry after examining the calculations and explanations provided by our Company and the reactor capacities and other ancillary equipment installed at the Berigai Facility. The assumptions and estimates taken into account include the number of working days in a year as 365 days.

\*\* Operating capacity is given considering the fact that this is a multipurpose facility which produces basket of products. Operating

capacity is arrived at after considering shutdown/change over between various products.

#### *Karaikal, Puducherry*

The Karaikal Facility has a caustic soda plant and an EDC plant. For further details in relation to our EDC manufacturing capabilities, see “- *Procurement and Raw Materials*” on page 149. The Karaikal Facility is equipped with automated distribution control systems. The Karaikal Facility sources power from the Puducherry Electricity Department and it also has two natural gas-based captive power plants of 8.5 MW and 3.5 MW respectively. The Karaikal Facility primarily depends on the two desalination plants for supply of water and, if necessary, it depends on the bore well water supplied by the Pondicherry Agro Service and Industries Corporation Limited. The Karaikal Facility also has a low sulphur heavy stock oil fired boiler and two waste heat recovery boilers. We have also leased a salt field from the Government of Tamil Nadu at Vedaranyam, Tamil Nadu to ensure a stable supply of one of the raw materials, salt. The lease has expired and we are in the process of renewing the lease deed. For further details, see “*Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired*” on page 34.

The following table sets forth the installed production capacity of the caustic soda plant at the Karaikal Facility as of March 31, 2021, and capacity utilization for the Financial Years 2021, 2020 and 2019:

Production plant	Installed production capacity (in kt)	Capacity utilization (%)		
		For Financial Year 2021	For Financial Year 2020	For Financial Year 2019
Caustic soda	52	36%	57%	65%

#### *Cuddalore, Tamil Nadu*

The Cuddalore Facility has a suspension PVC resin plant with an installed production capacity of 300 ktpa. The Cuddalore Facility sources power from the State Electricity Board and certain third-party sources. The Cuddalore Facility primarily depends on the desalination plant for supply of water. It also has a rainwater harvesting mechanism. The Cuddalore Facility also has a coal-fired boiler for generating steam.

The capacity utilization for the Financial Years 2021, 2020 and 2019 was 88%, 91% and 95%, respectively.

#### *Proposed expansion of manufacturing facilities*

We plan to continue to invest in enhancing our manufacturing facilities and upgrading our equipment and manufacturing processes in order to increase our production capacity, achieve additional economies of scale and support production of new products. All of these proposed expansion plans are currently expected to be funded from internal accruals.

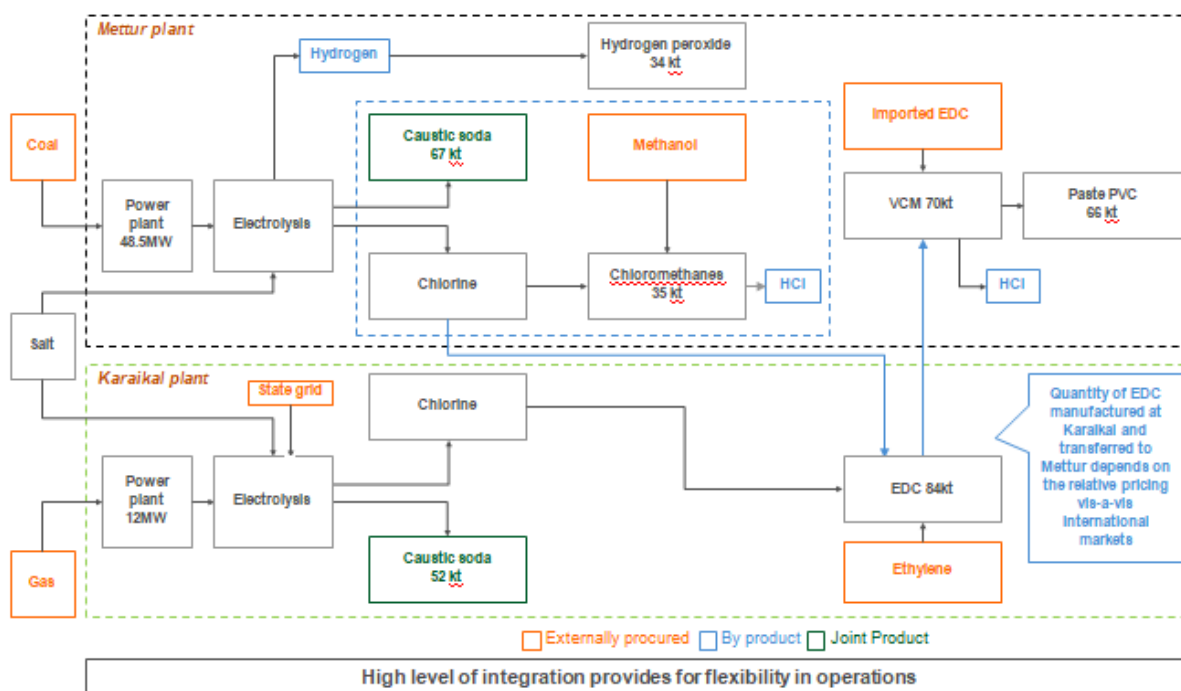
The following table sets forth the details of our major capital expenditure projects in progress as of March 31, 2021:

Project	Estimated cost (in ₹ million)	Amount Utilized as of March 31, 2021	Expected Financial Year of completion
<b>Specialty paste PVC resin</b>			
Increase the installed production capacity of specialty paste PVC resin by 35 kt at Cuddalore	2,560	8.69	2024
<b>Custom Manufacturing</b>			
Setting up a multipurpose facility – block 1 (Phase I)	1,850	-	2025
Setting up a multipurpose facility – block 2 (Phase II)	1,550	-	2025
<b>Suspension PVC resin</b>			
Increase the installed production capacity of suspension PVC resin by 31 kt at Cuddalore by de-bottlenecking the suspension PVC resin plant	235	-	2023

We also intend to improve our operational efficiencies in our manufacturing process at the Karaikal Facility by de-bottlenecking the caustic soda plant. Further, we enjoy the ability to expand at low capital cost on account of leveraging our existing land and infrastructure facilities.

## Manufacturing process

### Material flow and capacities for Chemplast Sanmar Limited



### Specialty paste PVC resin

Specialty paste PVC resin is produced by polymerization of VCM. We first break down the VCM liquid into fine droplets using a high pressure pump and passing it through an orifice. We thereafter treat the atomized VCM with special chemicals in a controlled pressure and temperatures conditions to achieve the desired product properties. The unreacted VCM is thereafter recovered and recycled to process via the intermediate storage tanks. On completion of the reaction, the contents are transferred to an intermediate storage tank and the PVC latex is stripped by applying open steam. The stripped PVC latex is stored in a tank and fed to a spray drier through a colloid mill. The dried PVC in fine free flowing form is separated through a bag filter system. The specialty paste PVC resin is thereafter packed and stacked for sale.

### Chloromethanes

Chloromethanes includes methyl chloride, MDC, chloroform and CTC. These products are manufactured in two steps. First, methanol and hydrogen chloride are reacted under high temperature to form methyl chloride. Thereafter, methyl chloride is reacted with chlorine to form a mixture containing all three chloromethane products. The mixture is separated in distillation columns and filled in separated containers for each product.

### Caustic soda, chlorine and hydrogen

Caustic soda and chlorine are produced as joint products by electrolyzing a solution of sodium chloride. Hydrogen is produced as a value added products during the manufacturing of caustic soda. Caustic soda is produced at 32% concentration levels and thereafter further concentrated to 48-50% for sale to customers. Majority of the chlorine is captively consumed and we sell a small portion of chlorine to third party customers. We compress hydrogen to medium pressure which is then used for production of hydrogen peroxide.

### Hydrogen peroxide

Hydrogen peroxide is synthesized in two steps. First, the anthraquinone is reduced to the corresponding

anthrahydroquinone by hydrogenation. Thereafter, it is oxidized by bubbling compressed air through the solution of anthrahydroquinone and hydrogen peroxide is formed and anthraquinone solution is regenerated. The hydrogen peroxide is thereafter extracted from the anthraquinone solution. Hydrogen peroxide is produced at 50% concentration levels. We own the technology know how to manufacture hydrogen peroxide. For further details, see “- *Intellectual Property*” on page 155.

#### *Suspension PVC resin*

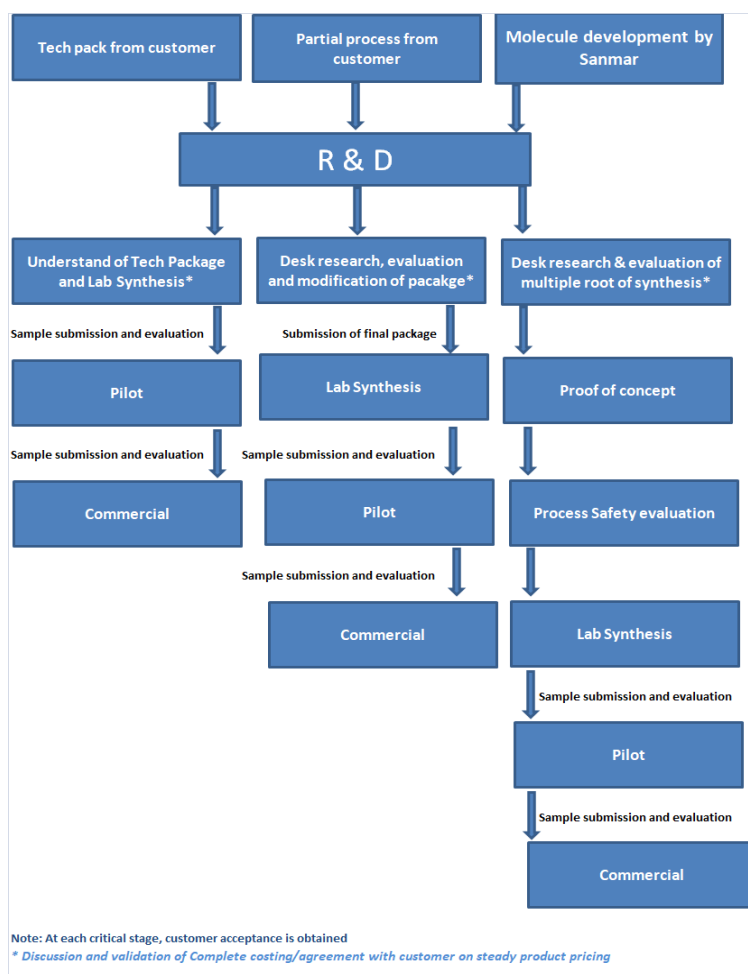
The raw materials are first added into a polymerization reactor. Thereafter, the mixture is heated and the unreacted VCM in vapor phase is thereafter recovered and recycled to process via the intermediate storage tanks. On completion of the reaction, the product PVC slurry contents are transferred to an intermediate storage tank and the PVC slurry is stripped by applying open steam. The stripped PVC slurry is stored in a tank and fed to the slurry centrifuges. The water is removed from the slurry and thereafter fed to the fluid bed drier. The dried PVC in fine free flowing form is conveyed to storage silos. The suspension PVC resin is thereafter packed and stacked for sale. We have obtained the license for technology to manufacture suspension PVC resin from Ineos Vinyls UK Ltd. For further details, see “-*Intellectual Property*” on page 155.

#### **Custom manufacturing operations**

Our in-house process research, process engineering and large scale manufacturing capabilities, enable us to act as a one-stop shop for process scale up and large scale manufacturing of newly discovered molecules. We provide a spectrum of services across the value chain that includes research, process development and scale-up, analytical studies, plant engineering and commercial scale manufacturing. Our team works closely with our existing and prospective customers, and provides innovative and cost effective solutions tailored to meet specific customer requirements. We are providing services to six multinational innovator companies and manufacturing seven products, as of March 31, 2021. We do not enter into long-term agreement for our custom manufacturing operations and the actual volumes and specifications of customer orders are fixed on purchase order basis.

We believe that our focus on early stage participation enables us to capitalize on the complete lifecycle of these products, gives us the opportunity to be the initial suppliers for such molecules under global patents and strengthens our relationships with multinational innovator companies. We seek to improve our operations through process engineering and have well experienced teams for trouble shooting. We lay emphasis on maintaining consistency in the quality of our products and planning and executing projects in a timely manner.

The following chart sets forth the end-to-end process for our custom manufacturing operations:



## Procurement and raw materials

We are committed to the integration of the industrial value by securing a stable supply of raw materials. Our primary raw materials include (i) VCM, EDC, ethylene and chlorine in respect of specialty paste PVC resin; (ii) salt and power in respect of caustic soda; (iii) methanol and chlorine in respect of chloromethanes; (iv) hydrogen in respect of hydrogen peroxide; and (v) VCM in respect of suspension PVC resin.

We have backward integrated part of our manufacturing process by producing key raw materials, EDC, VCM and chlorine. We have an EDC plant at our Karaikal Facility with an installed production capacity of 84 kt. We also own a coal-based captive power plant of 48.5 MW at the Mettur Facility, two natural gas-based captive power plants of 8.5 MW and 3.5 MW, respectively, at the Karaikal Facility, and have leased a salt field from the Government of Tamil Nadu at Vedaranyam, Tamil Nadu. The lease has expired and we are in the process of renewing the lease deed. For further details, see *“Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired”* on page 34. In addition, for our custom manufacturing operations, we have access to various basic chemicals at our manufacturing facilities such as hydrogen, chlorine and caustic soda.

We purchase EDC from third parties to fill the gaps in the requirements based on production needs for quantity or if the pricing is more favorable. We source (i) EDC from Saudi Arabia and Qatar; (ii) ethylene from Saudi Arabia, Qatar, Singapore, Malaysia and Indonesia; (iii) coal from Indonesia; (iv) methanol from Saudi Arabia; and (v) VCM for suspension PVC resin from Qatar, Japan, China, Indonesia, Germany and France.

We typically enter into supply contracts with our vendors for a period of one to two years for the supply of EDC, ethylene, methanol and coal. We have been procuring EDC, ethylene, methanol and coal from suppliers, through relevant sourcing partners, for over seven, 12, 10 and 10 years, respectively. The average annual requirement of VCM to be used for manufacture of suspension PVC resin is 300 kt and we have been procuring it from suppliers, through a sourcing partner, for over 10 years. We also enter into purchase orders for supply of

our raw materials. The terms and conditions on warranties for product quality and return policy are specified in the purchase orders. The purchase price of our raw materials generally is in line with the market prices. See “Risk Factors – We source our raw material from a limited number of suppliers and any delay, interruption or reduction in the supply of raw materials to manufacture our products may adversely affect our business, results of operations, cash flows and financial condition” on page 45. We usually purchase raw materials based on historical levels of sales, actual sales orders on hand and the anticipated production requirements taking into consideration any expected fluctuation in raw material prices and delivery delay.

The following table sets forth our average annual requirement of our raw materials as of March 31, 2021:

Raw Material	Average annual requirement
EDC	110 kt*
Ethylene	16 kt**
Methanol	12 kt
Coal	275 kt
VCM (for our Company)	70 kt***
VCM (for CCVL)	300 kt

\*This includes EDC that is manufactured at our facilities.

\*\*Based on the assumption that 60 KT per annum of EDC is manufactured at our facilities.

\*\*\* The average annual requirement of our Company is entirely manufactured at our facilities.

### Finished Products and Raw Materials Handling and Storage

Our manufacturing facilities are strategically located in the South India region to serve the end-user industries located in South and East India with competitive freight costs. Karaikal Facility is strategically located close to the coast line and it has a marine terminal facility. The marine terminal facility is connected to the shoreline by a 1.3 km trestle platform with the ability to handle ships of up to 10,000 DWT capacity. This enables us to transport our raw materials such as ethylene as well as finished products such as caustic soda in a more cost efficient manner. The Cuddalore Facility has a marine terminal facility, located one km from the shoreline, with the ability to handle ships of around 10,000 DWT capacity. The marine terminal facility is connected to the Cuddalore Facility by way of underground pipes enabling us to transport VCM directly to the storage tanks. Further, the Cuddalore Facility has an island type, open jetty facility with available draught at the berth location of 10.5 m. The marine terminal facility consists of one loading arm through which we can unload VCM.

We store ethylene in a double walled insulated cryogenic tank with a capacity of 4 kt at the Karaikal Facility. It has a safety pressure relief and vacuum breaker and safety rupture disc, a medium velocity water spray system, a boil-off recovery system to maintain tank pressure and ambient ethylene monitors and smokeless flaring systems. At our Cuddalore Facility, VCM is stored in two refrigerated atmospheric storage tanks with a capacity of 7,500 MT each. We usually keep 15-60 days of inventory of raw materials at our facilities. The ability to store raw materials at our facilities enables us to withstand disruptions in supply as well as volatility in the price of raw material for a short duration. These inventory levels are planned based on contractual quantities and expected orders, which are confirmed due to our long-standing relationship with customers. We maintain a lead time material requirement planning system and utilize a financial accounting and controlling system to manage our levels of inventory. Our storage facilities allow us to avoid suspending our production processes, which are costly and time consuming to restart, and also enable us to accumulate products to satisfy market demand effectively during peak times by being able to meet customers’ demand in full and on time.

The following table sets forth our capacity to store finished products at our manufacturing facilities as of March 31, 2021:

Finished product	Capacity
Specialty Paste PVC resin	2,500
Caustic soda	6,400
Chloromethanes	
MDC	350
Chloroform	350
CTC	600
Refrigerant gas	80
Hydrogen peroxide	400
Suspension PVC resin	800

(in MT)

In addition, we store finished products at depots of consignment agents and at leased depots in Mumbai and Delhi.

## Customers

We have established a broad customer base with long-standing relationships. During the Financial Years 2021, 2020 and 2019, we derived approximately 82%, 80% and 84% of our revenue from operations, respectively, from sale of our products to our longstanding customers (relationship of more than 10 years). Further, during the Financial Years 2020 and 2019, CCVL derived approximately 78% and 78% of its revenue from operations, respectively, from the sales of its products to its longstanding customers (relationship of more than 10 years). Our customers are spread across a wide array of industries such as agro-chemical, artificial leather, paper and pharmaceutical. Further, a significant proportion of our revenue continues to be generated from customers with whom we have long-standing relationships. We believe that we have been able to maintain long-term relationships with our customers due to the consistency of our product delivery.

## Sales

CSL sells its products to customers based in India and other various countries. The following table sets forth the percentage of total sales of CSL's products derived from north, south, east and western regions of India during the Financial Year 2021:

Product	North		South		East		West	
	₹ in million	% of Total Sales of Products	₹ in million	% of Total Sales of Products	₹ in million	% of Total Sales of Products	₹ in million	% of Total Sales of Products
Specialty Paste PVC resin	4,867.44	65%	1,010.02	14%	62.00	1%	1,493.57	20%
Caustic soda	-	0%	1,096.62	86%	10.55	1%	160.45	13%
Chloromethanes	113.20	8%	876.55	61%	30.92	2%	393.35	28%
Hydrogen peroxide	5.25	1%	320.43	89%	9.69	3%	24.56	7%
Refrigerant gas	37.07	18%	90.40	44%	2.20	1%	77.61	37%

In addition, we sell our products that are custom manufactured by us to customers based in Europe.

For the Financial Year 2021, the north, south, east and western regions of India accounted for ₹ 276.93 million (1%), ₹ 19,710.36 million (79%) ₹ 3,144.72 million (13%) and ₹ 1,967.94 million (8%) of CCVL's total sales of suspension PVC resin, respectively.

The following table sets forth the details of total sales of CSL's products within and outside India during the Financial Years 2021, 2020 and 2019:

Particulars	<i>(in ₹ million)</i>		
	Financial Year 2021	Financial Year 2020	Financial Year 2019
Domestic sales	36,221.71	11,362.84	11,660.86
Export sales	1,765.55	1,213.73	882.53
<b>Total sales</b>	<b>37,987.26</b>	<b>12,576.57</b>	<b>12,543.39</b>

The following table sets forth details of total sales of CCVL's products within and outside India during the Financial Years 2021, 2020 and 2019:

Particulars	<i>(in ₹ million)</i>		
	Financial Year 2021	Financial Year 2020	Financial Year 2019
Domestic sales	25,081.36	18,789.52	20,522.93
Export sales	22.03	-	-
<b>Total sales</b>	<b>25,107.39</b>	<b>18,789.52</b>	<b>20,522.93</b>

## Quality Control and Process Safety

We believe that maintaining high quality in our R&D and manufacturing operations is critical to our brand and continued success. We place great emphasis on quality assurance and product safety at each step of the production process, right from process innovation and R&D, through the stages of process development, the procurement of raw materials, manufacturing, sales and supply chain to the customer evaluation of our products to ensure that the quality of our products meets the expectation of our customers and achieve maximum customer satisfaction. We ensure that our manufacturing facilities are in compliance with the regulatory standards. We have adopted the integrated management system manual for establishing and maintaining an environment management system conforming to ISO 14001, occupational health and safety system conforming to ISO 45001 and quality management system conforming to ISO 9001. We have also adopted quality control manuals for (i) all in-process and intermediate samples received by our quality control department at the Berigai Facility; (ii) all raw materials, solvents from tankers and cylinders received at the Berigai Facility; (iii) all finished products in phyto and organic plant at the Berigai Facility; (iv) providing guidelines for sampling of liquid raw materials; and (v) providing guidelines for sampling and analysis of other raw materials.

We have also implemented stringent quality control standards for raw material suppliers. Our quality control department ensures that the materials received from our approved lists of suppliers also comply with our internal standards and specifications which are designed to satisfy the requirements set forth by the various customers. Further, our major suppliers are also evaluated on Global Reporting Initiative (GRI) guidelines for sustainability.

As of March 31, 2021, our quality control team consisted of 56 employees at our manufacturing facilities. In addition, our employees are required to undergo through training programs designed to update them on the latest quality norms and standards periodically.

Further, we conduct regular repair and maintenance programs for the respective manufacturing facilities. In addition, our engineers and technicians periodically inspect our manufacturing facilities.

The following table sets forth the certifications obtained by us for compliance with quality management system standards:

Sr. No.	Manufacturing facility	Certifications
1.	Mettur Facility	ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, Responsible Care
2.	Karaikal Facility	ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, Responsible Care
3.	Berigai Facility	ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, Responsible Care
4.	Cuddalore Facility	ISO 14001:2015, ISO 9001:2015, ISO 45001:2018, Responsible Care

We are also members of various associations including the Indian Chemical Council, Chemical Industries Association, National Safety Council, Alkali Manufacturers' Association of India, Chemicals and Petrochemicals Manufacturers' Association, Madras Chamber of Commerce and Industry and Confederation of Indian Industry.

## Environmental, Health and Safety and Sustainability Initiatives

We aim to comply with applicable health and safety regulations and other requirements in our operations. We aim to minimize the adverse impact of our products and activities on the environment, maintain ecological balance and protect the bio-diversity near our manufacturing facilities. Further, we aim to comply with legislative requirements, requirements of our licenses, approvals, various certifications and ensure the safety of our employees and people working in our manufacturing facilities or under our management. For further details, see "*Government and Other Approvals*" on page 452.

We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks by providing appropriate training to our management and our employees. We have implemented work safety measures to ensure a safe working environment at our facilities. We have conducted



safety programs at our facilities and developed customized training videos and modules.

In addition, we are subject to extensive environmental laws and regulations in India, including regulations relating to prevention and control of water pollution and air pollution, environmental protection, hazardous waste management and noise pollution, natural resource damages, remediation of contaminated sites, employee health and employee safety, in relation to the respective manufacturing facilities.

We undertake various initiatives to address global environment issues such as climate change and global warming. As part of our initiatives, we monitor (i) all emissions attributed to the use of fossil fuels (Scope – 1 emissions); (ii) our utilization of indirect energy received from non-renewable sources; and (iii) emissions attributed to raw materials sourced from our suppliers as well as from the distribution of our products to our customers. We have also adopted various initiatives to reduce our greenhouse gas emissions on a continual basis. In order to reduce our fossil fuel emission, we have started using hydrogen as a replacement fossil fuel in our caustic flaker units at Karaikal and Mettur and for steam generation at our boiler unit. Some of our other initiatives include:

- Implementation of LED lighting at most of our facilities to ensure a reduction in wastage of electricity.
- Installation of a microturbine in our caustic soda process steam line at Mettur.
- Incineration of HFC-23, resulting in reduction of greenhouse gas emission in Mettur.
- Installation of variable frequency drives to reduce the energy consumption and greenhouse gas emission.

We are holders of the ‘Responsible Care’ logo and as of March 31, 2021, 53 companies have qualified under the Responsible Care programme in India.

We are also part of the ‘Nicer Globe’ initiative where in most of our trucks are tracked on real-time basis and fitted with speed control monitors and safety systems and we are in the process of fitting our remaining trucks. This enables us to ensure safety while transporting materials such as chlorine, hydrogen, EDC and methanol. Further, we also have a full time transport safety officer who oversees the entire movement of trucks across our facilities, carries out inspections and ensures the drivers’ fitness.

In addition, we have helped the Bombay Natural History Society to set up a centre at Kodiakarai, to study migratory birds at the swamp located at Vedaranyam.

### ***Awards and Accreditations***

Over the years we have won several awards and accolades including:

- FICCI Safety Systems Excellence Awards for Industry 2019 for Mettur Plant III – Platinum Award under large manufacturing (hazardous) category;
- Star Award from National Safety Council, Tamil Nadu Chapter, for promoting safety, health and management practices at Mettur Plants II and III;
- Indian Chemical Council ‘Certificate of Merit for Social Responsibility’ for 2018;
- Safety Award from the Directorate of Industrial Safety and Health, Government of Tamil Nadu for achieving (i) lowest weighted injury accident frequency rate at Mettur Plant III; and (ii) achieving the longest injury free working at Mettur Plant II;
- ICC award for Excellence in Management of Health and Safety 2017;
- FICCI Sustainability Award for Excellence in Safety (Petrochemicals) 2017; and
- Eco Vadis Silver Medal for sustainability assessment awarded to Mettur Plant III.

Further, over the years CCVL has won several awards and accolades including:

- 5 star grading in Occupational Health and Safety:2019 from British Safety Council in Financial Year 2020;
- Sword of Honour for 2020 from the British Safety Council; and
- Health and Safety Star Award for the year 2016 by the National Safety Council – Tamil Nadu Chapter.

### **Insurance**

Our operations are subject to hazards inherent in chemical manufacturing facilities such as risk of equipment failure, work accidents, fire, chemical spillage, atmospheric dispersion, earthquakes, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe

damage to and the destruction of property and equipment and environmental damage. We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include insurance for property, industrial all risk, standard fire, marine insurance, burglary, fidelity, terrorism, public liability, special contingency, group insurance and commercial general liability.

### Credit Ratings

Our Company's present credit rating is set forth below:

Agency	Instrument	Rating	Outlook
India Ratings & Research*	Long-Term Issuer Rating	Ind A-/Stable	Stable
	Term loan	WD (paid in full)	-
	Fund-based working capital facilities	WD	-
Brickwork Ratings	Non-fund-based working capital facilities	IND A1	Stable
	NCD	BWR A/Stable	Reaffirmed with Revision of Outlook to Stable
	Fund based: Proposed Cash Credit (Sublimit of non-fund based facility)	BWR A/Stable	Reaffirmed with Revision of Outlook to Stable
	Fund based / non-fund-based WCDL/LC/BG/SBLC Proposed WCDL/LC/BG/SBLC	BWR A1	Reaffirmed

\*Note: This rating was provided in respect of CSL as on a consolidated basis.

The credit rating of CCVL are set forth below:

Agency	Instrument	Rating	Outlook
Brickwork Ratings	Fund Based Term loan Cash Credit	BWR A-	Reaffirmed with Revision of Outlook to Stable
	Non-fund based LC/BG/SBLC Proposed BG/LC/SBLC	BWR A2+	Reaffirmed

### Employees

As of March 31, 2021, our Company employed 941 permanent personnel. The breakdown of our Company's employees in different functionalities as of March 31, 2021, has been provided below:

Function	Permanent Employees
Operations	453
Maintenance	212
Quality control	48
Research and development	7
Plant support services	156
Corporate functions*	65

\* Represents corporate office services such as legal, treasury, IT and HR.

As of March 31, 2021, CCVL has employed 245 permanent personnel. The breakdown of CCVL's employees in different functionalities as of March 31, 2021, has been provided below:

Function	Permanent Employees
Operations	69
Maintenance	82
Quality control	8
Plant support services	52
Corporate functions*	34

\* Represents corporate office services such as legal, treasury, IT and HR.

The following tables sets forth the average manning, attrition and attrition rate of CSL's employees and CCVL's employees during the Financial Years 2021, 2020 and 2019:

### CSL

	Average Manning	Attrition	Attrition Rate
Financial Year 2019	851	91	11%
Financial Year 2020	881	67	8%
Financial Year 2021	1,169	63	5%

### CCVL

	Average Manning	Attrition	Attrition Rate
Financial Year 2019	204	27	13%
Financial Year 2020	244	13	5%

Our employees include, among others, engineers, management graduates and persons from other professionally qualified streams performing managerial or supervisory roles. We also hire contract labour for our operations from time to time. Our workforce is a critical factor in maintaining quality and safety, which strengthens our competitive position and we have adopted leading human resource practices to ensure talent acquisition and retention to meet our growth needs. We train our employees on a regular basis to increase the level of operational excellence, improve productivity and maintain compliance standards on quality and safety. We seek to maintain a high performance work culture based on values of development, collaboration and reach. The key elements driving our practices include customer focus, process orientation, people focus, drive for results, business acumen and decision making and communication and executive presence.

We offer our employees performance-linked incentives and benefits and conduct employee engagement programmes from time-to-time. Our Company's employees are represented by registered unions 'Chemplast Employees Union', 'Chemplast Thozhilalargal Munnetra Sangam', 'Mettur Chemicals Podhu Thozhilalargal Sangam', 'Vedaranyam Mettur Chemicals Employees Union' and 'Vedaranyam Chemplast Podhu Thozilalar Sangam'. We believe we have good relations with our employees and contract workers. Except as disclosed in "Risk Factors – We may be affected by strikes, work stoppages or increased wage demands by our employees that could interfere with our operations" on page 49, we have not experienced any work stoppages due to labour disputes or cessation of work in the recent past.


### **Competition**

The Indian chemicals market is fragmented in nature and we compete with large Indian companies. We compete on the basis of a number of factors, including quality of products, innovation, reputation and convenience. For details on the competitive landscape, see "Industry Overview" on page 105.

### **Intellectual Property**

As of March 31, 2021, our Company has two registered trademarks, each under class 1, granted by the Registrar of Trademarks, namely "Chemplast" (word mark) and "Chemplast" (label). Pursuant to a letter dated May 20, 2019, we have granted CCVL a royalty-free, non-exclusive, personal and non-transferable right to use the "Chemplast" (word mark) and "Chemplast" (label) in relation to CCVL's business of suspension PVC resin.

Additionally, pursuant to a letter dated March 22, 2021, our Promoter has granted our Company, a royalty free,

non-exclusive, personal, non-transferable right to use the trade name / trade mark  .

We have also registered several domain names such as "chemplast.co.in"; "chemplast.in"; "chemplastsanmar.co.in"; "chemplastsanmar.in" and "chemplast.net".

Our Company has also purchased the manufacturing technology and know-how for hydrogen peroxide in 2017. Accordingly, our Company has the perpetual right to use, license and sublicense the same anywhere globally.

Our Company had entered into a technology license agreement dated April 30, 2006 with Ineos Vinyls UK Ltd. for the non-exclusive, non-transferable right to use technical information and know-how for, among other things, manufacturing suspension PVC resin and technology for the use of PVC additives owned by Ineos Vinyls UK Ltd. and authorized to license in the territory of India. Further, our Company granted Ineos Vinyls UK Ltd, a royalty-free, non-exclusive right to use world-wise any improvements developed by our Company during the term of the agreement, including the exclusive right to license such improvements solely to other Ineos Vinyls UK Ltd. licencees. The agreement was valid till April 30, 2016. However, certain clauses including the rights to use the technology survived the expiration of the agreement. The agreement was subsequently transferred to CCVL pursuant to the demerger of suspension PVC resin undertaking from our Company as per the NCLT order dated April 26, 2019. Accordingly, CCVL has the right to use the technology.

### **Information Technology**

We currently use advanced information technology systems, which assists us with various functions including material management, production planning, plant maintenance, sales and distribution, financial and accounting, quality management, governance, risk and compliance and human resource functions. These systems facilitate the flow of real-time information across departments and allows us to make information driven decisions and manage performance.

Our IT systems are vital to our business and we have established a differentiated technology infrastructure with web-based integrated systems, analytical tools, infrastructure monitoring and information security monitoring tools to assist us in our operations. In order to maintain data security and comply with data protection laws, we have strengthened our cyber security environment by building layered cyber defenses, implementing strong internal controls, critical transactions logging and monitoring mechanisms. We have ensured that our policies are framed on similar lines as the ISO 27001 standards.

### **Properties**

Our registered office is located at No. 9 Cathedral Road, Chennai 600 086, Tamil Nadu, which has been taken on lease by our Company and the lease shall remain valid until December 31, 2021.

As of the date of this Prospectus, we own and operate manufacturing facilities and certain parcels of land for these manufacturing facilities are held by our Company on a freehold basis and certain parcels are held on a leasehold basis. Our Company has three depots and CCVL has eight depots as of the date of this Prospectus. We also have a railway siding at Mettur for receiving coal through rail rakes.

As of the date of this Prospectus, our Company owns vacant industrial land aggregating to approximately 36 acres. CCVL also owns vacant industrial land aggregating to approximately 9.25 acres and the PVC pipeline corridor on land aggregating to approximately 111.435 acres. Our Company holds some lands on a freehold basis as well as on a leasehold basis.

Our Company also has a salt field at Vedaranyam, Tamil Nadu out of which 40.23 acres of land along with a building admeasuring 1,958 sq. ft. is owned by our Company and 3,500 acres of land is leased from the Government of Tamil Nadu for the manufacture of industrial salts. The lease has expired and we are in the process of renewing the lease deed. For further details, see *“Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired”* on page 34.

### **Corporate Social Responsibility Initiatives**

We have adopted a corporate social responsibility (“CSR”) policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. Our CSR initiatives are focused on supply of drinking water, plantation of trees, education and training, medical and healthcare. We also make contributions to The Sanmar Group CSR Trust, a registered public charitable trust set up to carry out CSR activities such as providing relief to the needy, providing medical relief, promoting education and development of sports, running orphanages and shelters, promoting gender equality and contributing to the Prime Minister’s National Relief Fund and any other fund set up by the Central Government for socio-economic development and relief and welfare of the scheduled castes, scheduled tribes, other backward classes, minorities and women.

## **KEY REGULATIONS AND POLICIES**

*The following is an overview of certain sector specific laws and regulations in India which are applicable to the business and operations of our Company. The information of regulations available in this section has been obtained from publications available in public domain. The description of laws and regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

*Taxation statutes such as the Income Tax Act, 1961, the Customs Act, 1962, the relevant goods and services tax legislation and applicable shops and establishments statutes apply to our Company as they do to any other company in India. The information detailed in this chapter, is based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative actions, regulatory, administrative or judicial decisions. For further details of regulatory approvals obtained by us in compliance with the applicable regulations, see “Government and Other Approvals” on page 452.*

### **Key Legislations Applicable to Our Business**

#### ***The Indian Boilers Act, 1923 (“Boilers Act”) and the Indian Boiler Regulations, 1950 (“Boiler Regulations”)***

The Boilers Act seeks to regulate, inter alia, the manufacture, possession and use of boilers. In terms of the provisions of the Boilers Act, an owner of a boiler is required to get the boiler registered and certified for its use, by an inspector appointed by the relevant State Government. The Boiler Regulations have been framed under the Boilers Act. The Boiler Regulations deal with the materials, procedure and inspection techniques to be adopted for the manufacture of boilers and boiler mountings and fittings.

#### ***The Public Liability Insurance Act, 1991 (“PLI Act”) & the Public Liability Insurance Rules, 1991***

The PLI Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the government by way of a notification. Under the law, the owner or handler is also required to take out an insurance policy insuring against liability. The Rules made under the PLI Act mandate the employer to contribute towards the Environmental Relief Fund a sum equal to the premium paid on the insurance policies.

#### ***Legal Metrology Act, 2009 (“LM Act”) and the Legal Metrology (Packaged Commodities) Rules, 2011 (“Packaged Commodity Rules”)***

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. The LM Act and rules framed thereunder regulate, *inter alia*, the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the licence under the LM Act. Any manufacturer dealing with instruments for weights and measuring of goods must procure a license from the state department under the LM Act. Any non-compliance or violation under the LM Act may result in, *inter alia*, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Packaged Commodity Rules prescribes for the regulations for pre-packing and the sale of commodities in a packaged form, certain rules to be adhered to by wholesale and retail dealers, the declarations to be made on every package, the manner in which the declarations shall be made, etc. These declarations that are required to be made include, *inter alia*, the name and address of the manufacturer, the dimensions of the commodity and the weight and measure of the commodity in the manner as set forth in the Packaged Commodity Rules. The Packaged Commodity Rules were amended in the year 2017 to increase protection granted to consumers. Some recent additions include increased visibility of retail price, removal of dual MRP and bringing e-commerce within the ambit of these rules.

#### ***The Explosives Act, 1884 (“Explosives Act”)***

The Explosives Act is a comprehensive law which regulates by licensing the manufacturing, possession, sale, transportation, export and import of explosives. As per the definition of ‘explosives’ under the Explosives Act, any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Explosives Act. The Central Government may, for any part of India, make rules consistent with

this act to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use sale, transport, import and export of explosives, or any specified class of explosives. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act.

#### ***The Petroleum Act, 1934 (“Petroleum Act”) and Petroleum Rules, 2002***

The Petroleum Act was passed to consolidate and amend the laws relating to the import, transport, storage, production, refining and blending of petroleum. Under the Petroleum Rules, 2002, any person intending to store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

#### ***The Poisons Act, 1919 (“Poisons Act”)***

The Poisons Act enables state governments to grant licenses for the possession, sale, wholesale or retail and fixing of the fee, if any, of poisons. The Poisons Act also enables state governments to regulate the classes of persons to whom such license may be granted, the maximum quantity of poison which may be permitted to be sold, etc.

#### ***Drugs and Cosmetics Act, 1940 (“DCA”) and the Drugs and Cosmetics Rules, 1945 (“DC Rules”)***

The DCA is the statute governing the import, manufacture, distribution and sale of drugs and cosmetics and prohibits the import, manufacture and sale of certain drugs and cosmetics which are, *inter alia*, misbranded, adulterated, spurious or harmful. The DC Rules prescribes for the requirement of a license for the manufacture or sale of any drug or cosmetic including for the purpose of examination, testing or analysis. The DC Rules further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

#### ***Foreign Trade (Development and Regulation) Act, 1992 (“FTA”)***

The FTA seeks to increase foreign trade by regulating imports and exports to and from India. It authorizes the government to formulate as well as announce the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. The FTA read with the Indian Foreign Trade Policy, 2015-20 (extended till March 31, 2021) provides that no person or company can make exports or imports without having obtained an importer exporter code (“IEC”) number unless such person or company is specifically exempted. An application for an importer exporter code number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce (“DGFT”). An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

The DGFT by way of a notification dated May 24, 2019 (the “Ethyl Alcohol Notification”), has amended the import policy of biofuels under Chapter 22, 27 and 38 of ITC(HS), 2017, Schedule -I. Pursuant to the Ethyl Alcohol Notification, the import of ethyl alcohol and other spirits, which are denatured is “restricted” for all purposes. Any import of ethyl alcohol, in a denatured form will require an import license from the DGFT.

### **Environmental Legislations**

#### ***The Environment (Protection) Act, 1986 (“EPA”), Environment Protection Rules, 1986 (the “EP Rules”) and the Environmental Impact Assessment Notification, 2006 (“EIA Notification”)***

The EP Act has been enacted for the protection and improvement of the environment. EP Act empowers the government to take all measures to protect and improve the quality of environment, such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate and laying down safeguards for handling hazardous substances, amongst others. It is in the form of an umbrella legislation designed to provide a framework for Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations.

Further, the EP Rules specifies, *inter alia*, the standards for emission or discharge of environmental pollutants, restrictions on the location of industries and restrictions on the handling of hazardous substances in different

areas. For contravention of any of the provisions of the EP Act or the rules framed thereunder, the punishment includes either imprisonment or fine or both. Additionally, under the EIA Notification and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

#### ***Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)***

The Water Act aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for one Central Pollution Control Board, as well as state pollution control boards, to be formed to implement its provisions, including enforcement of standards for factories discharging pollutants into water bodies. Any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the consent of the relevant state pollution control board by making an application.

#### ***Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)***

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the State Boards. The Central Pollution Control Board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant.

#### ***Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“Hazardous Waste Rules”)***

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without harming the environment. The term “*hazardous waste*” has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an “*occupier*”. Every occupier and operator of a facility generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier, importer or exporter is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and must pay any financial penalty that may be levied by the respective state pollution control board.

#### ***The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996 (“Chemical Accidents Rules”)***

The Chemical Accidents Rules, formulated pursuant to the provisions of the EPA, seek to manage the occurrence of chemical accidents, by *inter alia*, setting up a central crisis group and a crisis alert system. The functions of the central crisis group *inter alia* include, (i) conducting post-accident analysis of major chemical accidents; (ii) rendering infrastructural help in the event of a chemical accident; and (iii) review district off site emergency plans.

#### ***The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 (“HCR Rules”)***

The HCR Rules are formulated under the EPA. The HCR Rules are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and has to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the HCR Rules at

least three months before commencing that activity or before such shorter time as the concerned authority may agree.

### **Labor Related Legislations**

In addition to the aforementioned material legislations which are applicable to our Company, other legislations that may be applicable to the operations of our Company include:

- Shops and Establishments legislations in various states;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Factories Act, 1948;
- Child Labour (Prohibition and Regulation) Act, 1986;
- Inter State Migrant Workers Act, 1979;
- Payment of Wages Act, 1936;
- Payment of Bonus Act, 1965;
- Employees' State Insurance Act, 1948;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Equal Remuneration Act, 1976;
- Payment of Gratuity Act, 1972;
- Minimum Wages Act, 1948;
- Employee's Compensation Act, 1923; and
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013.

In order to rationalize and reform labour laws in India, the Government of India has framed four labour codes, namely:

- (i) The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.
- (ii) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The Central Government has notified certain provisions of the Code on Wages, mainly in relation to the constitution of the advisory board.
- (iii) The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The provisions of this code will be brought into force on a date to be notified by the Central Government.
- (iv) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganised Workers' Social Security Act, 2008. The provisions of this code will be brought into force on a date to be notified by the Central Government.

### **Miscellaneous Laws**

#### ***The Trade Marks Act, 1999 ("Trademarks Act")***

The Trademarks Act provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement. The Trademarks Act also prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for infringement, falsifying and falsely applying for trademarks.

#### ***The Patents Act 1970 ("Patents Act")***



The Patents Act governs the patent regime in India. A patent under the Patents Act is an intellectual property right relating to inventions and grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling and importing the patented product or process or produce that product. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognize product patents as well as process patents. In addition to the broad requirement that an invention must satisfy the requirements of novelty, utility and non obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria.

### ***The Copyright Act, 1957***

The Copyright Act, 1957, along with the Copyright Rules, 2013 (“**Copyright Laws**”) governs copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Laws acts as a *prima facie* evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The Copyright Laws prescribe a fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions.

### ***Foreign Investment in India***

The foreign investment in India is governed, among others, by the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (“**FEMA Rules**”) and the consolidated FDI policy (effective from October 15, 2020) issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion (“**FDI Policy**”), each as amended. Further, the Reserve Bank of India has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 on October 17, 2019 which regulate mode of payment and remittance of sale proceeds, among others. 100% foreign investment under the automatic route, *i.e.*, without requiring prior governmental approval, is permitted in the manufacturing sector. The FDI Policy and the FEMA Rules prescribe *inter alia* the method of calculation of total foreign investment (*i.e.*, direct foreign investment and indirect foreign investment) in an Indian company.

### ***Bureau of Indian Standards Act, 2016***

The Bureau of Indian Standards Act, 2016, has been brought into force with effect from October 12, 2017, repealing and replacing the Bureau of Indian Standards Act, 1986. The BIS Act establishes Bureau of Indian Standards (BIS) as the National Standards Body of India. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security. The BIS Act also allows multiple type of simplified conformity assessment schemes including self-declaration of conformity against a standard which will give simplified options to manufacturers to adhere to the standards and get certificate of conformity. Further, the BIS Act also provides for repair or recall, including product liability of the products bearing a standard mark but not conforming to the relevant Indian Standard.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated on March 13, 1985 as 'Urethanes India Limited' ("UIL") under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated March 13, 1985, issued by the RoC and commenced operations pursuant to a certificate for commencement of business dated April 2, 1985, issued by the RoC. Subsequently, Chemicals and Plastics India Limited ("CPIL"), was amalgamated with UIL pursuant to the CPIL Scheme of Amalgamation sanctioned by the High Court of Madras on April 10, 1992, with the appointed date for the merger being October 1, 1991. Thereafter, pursuant to the CPIL Scheme of Amalgamation, a resolution of our Board dated March 10, 1992, and a resolution of our Shareholders dated March 31, 1992, our name was changed from "Urethanes India Limited" to "Chemicals and Plastics India Limited" and a fresh certificate of incorporation was issued upon a change of name by the RoC on May 15, 1992. Subsequently, pursuant to a resolution of our Board dated June 27, 1995 and a resolution of our Shareholders dated September 1, 1995, our name was changed from "Chemicals and Plastics India Limited" to "Chemplast Sanmar Limited" and a fresh certificate of incorporation was issued upon a change of name by the RoC on September 28, 1995. The aforesaid change of name from "Chemicals and Plastics India Limited" to "Chemplast Sanmar Limited" was undertaken (i) in light of the diversified activities of the Company, and (ii) to reflect its identity in common parlance with the Sanmar Group.

### Change in the Registered Office

There has been no change in the registered office of our Company since incorporation.

### Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

Clause	Particulars
1	To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade in, process Polyurethane chemicals, intermediates, resins, compounds, systems and formulations of all types and articles made therefrom and equipment involved in processing of the same towards all types of end-use application.
2	To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade in, process polymers and plastics, fine, heavy and petro chemicals, drugs and pharmaceuticals, insecticides and pesticides, water treatment chemicals, food chemicals, natural products, detergents and surfactants, antioxidants and antiozonants, including compounding, formulations, and processing thereof towards all types of end-use applications.
3	To carry out research in the development and manufacture of any of the above mentioned products, substances or equipment and to provide technical services and to act as consultants and technical advisers in connection therewith.
4	To manufacture, buy, sell, import, export, process, use, lease, deal and trade in plant and machinery, apparatus, articles, additives and materials in connection with any of the above mentioned businesses.
5 (a)	To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade in Silicon Metal in all forms and qualities and Silicon Wafers of all grades, sizes and thickness and Silicon based chemicals and compounds
5 (b)	To manufacture, test, purchase, import, export, sell, distribute, stock, deal and trade in photovoltaic cells, solar power generation modules panels and systems, solar-powered electrical appliances and accessories, semi-conductor materials, electronic micro circuits, LSIs, VLSIs and products developed therefrom and optical and other sensors based on Silicon material
5 (c)	To manufacture, buy, sell, import, export, process, use, lease, deal and trade in plant and machinery, equipment, apparatus, articles and materials in connection with any of the above mentioned activities
6 (a)	To carry on the business as manufacturers, producers, testers, importers, exporters, purchasers, sellers, distributors, commission agents, brokers, wholesalers and retailers, and to stock, deal and trade in all aromatic chemicals, compounds, blends, and formulations, fragrances and flavours, scents, attars, perfumes, flower concentrates, natural extracts from natural and medicinal plants, pharmaceuticals, chemicals, plastics, petrochemicals, thermoplastic resins, synthetic oils, essential oils, toilet requisites, cosmetics, ointments, cleaning compounds, water softeners, glycerine, fatty acids, fatty alcohols, soaps, detergents including packaging thereof and to render services in connection therewith.

Clause	Particulars
6 (b)	To carry out research in the development and manufacture of any of the above mentioned products, substances or equipment including dealing technology thereof, and to provide design, advisory and technical services and to act as consultants and technical advisers in connection therewith.
6 (c)	To buy, sell, import and export, process, use, lease, deal and trade in plant and machinery, apparatus, articles, additives and materials in connection with any of the above mentioned business.
7 (a)	To produce, manufacture, treat, process, prepare, refine, import, export, purchase, sell and generally to deal in either as principals or as agents either solely or in partnership with others, all types and kinds of cement ordinary, white, coloured, Portland, Pozzolana, Alumina, Blast furnace, Silica and all other varieties of cement, lime and limestone, clinker and/or by-products thereof, as also cement products of any or all descriptions, such as pipes, poles, slabs, asbestos sheets, blocks, tiles, gardenwares, Plaster of Paris, lime pipes, building materials and otherwise, and articles, things, compounds and preparations connected with the aforesaid products, and in connection therewith to take on lease or otherwise acquire, erect, construct, establish, work, operate and maintain factories, quarries, mines and workshop
7 (b)	To carry on all or any of the business as manufacturers and sellers of, and dealers and workers in cements of all kinds, lime, plasters, whiting, clay, gravel, sand, minerals, earth, coke, fuel, gypsum, coal, jute, hessian cloth, gunny bags, paper bags, artificial stone and all builders' requisites made out of cement and cement products and convenience of all kinds.
7 (c)	To work mines or quarries and to prospect for, search for, find, win, get, work, crush, smelt, manufacture or otherwise deal with lime stone, chalk, clay, ores, metals, mineral oils, stones or deposits or products and generally to carry on the business of mining in all its branches.
8 (a)	To engage in coastal and international shipping in India or in any part of the world, to purchase, charter, hire, build or otherwise acquire, steam and other ships or vessels, trawlers, drifters and tugs together with all the requisite equipment and to employ the same in conveyance of merchandise of all kinds, passengers and mails in any part of the world, and to undertake and carry on all or any of the trades and business of shippers, ship owners, ship repairers, ship brokers, agents, aeroplane owners and carriers.
8 (b)	To construct, hire, purchase and work steamships and other vessels of any class, and to establish and maintain lines or regular services of steamships or other vessels, and generally to carry on the business of ship owners, and to enter into contracts for the carriage of goods, cargo of any kind, passengers, and mails by any means, and either by its own vessels or by or over the vessels of others.
8 (c)	To undertake and carry on all or any of the trades and business, of shippers, ship owners, ship brokers, shipping agents and insurance brokers, underwriters, ship managers, tug owners, shipping agents, loading brokers, freight contractors, carriers by land, air and water, transport haulage and general contractors, barge owners, lightermen, railway and forwarding agents, dock owners, engineers, ice merchants, refrigerator storekeepers, ships' store merchants, ships' husbands, stevedores, ware-housemen, wharfingers, salvors, ship repairers, manufacturers of and dealers in rope, tarpaulins, waterproofs, machinery, engines, nautical instruments, and ships' rigging, gear fittings and equipment of every description, importers and exporters of and dealers in goods, provisions, live and deadstock, commodities, articles, chattels, merchandise and property of every kind, general traders and merchants, and generally to carry on the said business in all their branches and to carry on the said business either as principals or agents or on commission or otherwise.
9	To generate, supply, sell, accumulate, convert and distribute electricity or any power or energy (conventional and non-conventional) and to do all such things as may be required in connection therewith and to acquire, construct, manufacture, export, import and maintain all movable and immovable properties and assets used in connection with the generation, supply, sale, accumulation, conversion and distribution of electricity or any power or any energy.

### Amendments to our Memorandum of Association in the last 10 years

Except as disclosed under “*Capital Structure – Details of changes to our Company’s authorized share capital in the last 10 years*” on page 76, there have been no amendments to our Memorandum of Association in the last 10 years preceding the date of this Prospectus.

### Major events and milestones

The table below sets forth some of the major events and milestones in the history of our Company:

Calendar Year	Event /milestone
1962	Incorporation of erstwhile Chemicals and Plastics India Limited.
1967	Commencement of manufacture of PVC resins at Mettur Facility
1984	Investment in acquisition of shares of The Mettur Chemical and Industrial Corporation Limited (“ <b>MCIC</b> ”).
1988	Amalgamation of MCIC with the erstwhile Chemicals and Plastics India Limited pursuant to a scheme of amalgamation approved by the High Court of Madras by way of order dated November 27, 1989, effective from April 1, 1988.
1991	Erstwhile Chemicals and Plastics India Limited merged with Urethanes India Limited, pursuant to the CPIL Scheme of Amalgamation. As a part of the CPIL Scheme of Amalgamation, the name of the merged entity was changed from “Urethanes India Limited” to “Chemicals and Plastics India Limited”.
1992	The equity shares of our Company were listed on BSE and Madras Stock Exchange Limited.
1995	The name of our Company was changed from “Chemicals and Plastics India Limited” to “Chemplast Sanmar Limited”
1995	The equity shares of our Company were listed on NSE
1997	Expansion of production capacity of PVC Resins to 60,000 TPA.
2003	Acquisition of Caustic Soda facility at Karaikal, Puducherry from Kothari Petrochemicals Limited.
2007	Commissioning of the marine terminal facility and the EDC Plant at Karaikkal, Puducherry.  Commissioning of the project for conversion of the manufacturing process of Caustic Soda at Mettur Dam from Mercury to membrane.
2009	Greenfield suspension PVC facility commissioned at Cuddalore, Tamil Nadu along with a captive marine terminal facility (“ <b>S-PVC Undertaking</b> ”).
2012	Delisting of equity shares of the Company from Madras Stock Exchange Limited, BSE and NSE.
2013	Expanded capacities at (i) Mettur, Tamil Nadu, of Paste PVC resin to 66,000 TPA, and (ii) Cuddalore, Tamil Nadu, of S-PVC to Cuddalore 300,000 TPA.
2017	Purchase of Hydrogen Peroxide plant and machinery from Asian Peroxides Limited Our Company celebrated its Golden Jubilee
2019	Commissioning of Hydrogen Peroxide plant at Mettur, Tamil Nadu Demerger of S-PVC Undertaking of the Company at Cuddalore, Tamil Nadu and vesting of such undertaking in CCVL pursuant to the Composite Scheme of Arrangement Amalgamation of Sanmar Speciality Chemicals Limited with our Company pursuant to the Composite Scheme of Arrangement.
2021	CCVL became a wholly owned subsidiary of our Company pursuant to the CCVL Acquisition.

### Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditation or recognitions received by our Company:

Financial Year*	Award
2017-18	Star Award from National Safety Council, Tamil Nadu Chapter, for promoting safety, health and management practices to our Company’s facilities at Mettur Facility II and Mettur Facility III. FICCI Sustainability Award for Excellence in Safety (Petrochemicals)  Chemplast Sanmar, Karaikal won the Indian Chemical Council (“ <b>ICC</b> ”) award for Excellence in Management of Health and Safety 2017.
2019-20	British Safety Council’s Occupational Health and Safety Audit Five Star grading for CCVL Indian Chemical Council ‘Certificate of Merit for Social Responsibility’ for 2018.  ‘First price in manufacturing (large sector) at 8 <sup>th</sup> FICCI Safety Systems Excellence Awards or Industry, 2019 (Mettur Plant III). Safety Award from the Directorate of Industrial Safety and Health, Government of Tamil Nadu for achieving lowest weighted injury accident frequency rate at the Mettur Facility and achieving the longest injury free working at the Mettur Facility.
2021-22	Silver EcoVadis Medal from EcoVadis and the result places the Company among the top 25% of companies accessed by EcoVadis (Mettur Facility III)

\*Period of receipt of such awards, accreditation, or recognitions, as applicable, by our Company.

For further details in relation to capacity/facility creation, location of plants, launch of key products or services, entry in new geographies or exit from existing markets, see “*Our Business*” on page 136.

### Our holding company

As on the date of this Prospectus, SHL is our holding company. For further details with respect to SHL, see “*Our Promoter and Promoter Group*” on page 188.

### **Our subsidiaries and joint ventures**

As on the date of this Prospectus, our Company has one subsidiary, being CCVL. For further details, see “*Our Subsidiary*” on page 170.

Our Company does not have any joint ventures as of the date of this Prospectus.

### **Time and cost overrun in setting up projects by our Company**

Except as disclosed below, our Company has not experienced any time or cost overruns in relation to any projects set up by our Company in the last 10 years preceding the date of this Prospectus:

<b>Project</b>	<b>Cost overrun</b>	<b>Time overrun</b>
Construction of Hydrogen Peroxide plant at Mettur	₹130 million*	3 months

\*Against an original cost estimate of ₹1,000 million

### **Defaults or rescheduling/restructuring of borrowings with financial institutions/banks**

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions.

Further, except as disclosed below, the tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled or restructured:

Due to the impact of COVID -19, our Company has availed the benefit of a moratorium with regard to the interest payments in relation to the NCDs issued by our Company. Our Company has made the interest payments as per the revised agreed terms. For further details of the NCDs, see “*Financial Indebtedness*” on page 437.

### **Mergers or amalgamation**

Except as mentioned below, our Company has not undertaken any merger, demerger or amalgamation in the last 10 years preceding the date of this Prospectus:

#### **Composite Scheme of Arrangement amongst our Company, Sanmar Speciality Chemicals Limited (“SSCL”), CCVL, SESL, SHL Securities (Alpha) Limited, and their respective shareholders and creditors (“Composite Scheme of Arrangement”)**

Pursuant to a resolution dated December 21, 2018 adopted by our Board, our Company filed the Composite Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 before the NCLT, Chennai. The NCLT, Chennai, by way of its order dated April 26, 2019, sanctioned the Composite Scheme of Arrangement, with effect from the appointed date, April 1, 2018.

Pursuant to the Composite Scheme of Arrangement, amongst other things, (i) the S-PVC business of our Company along with all of its assets, liabilities, contracts, arrangements, employees, permits, licenses, records and approvals was demerged into CCVL with effect from April 1, 2018. Further, each shareholder of our Company was allotted 250 fully paid up equity shares of ₹10 each of our Subsidiary for every 66 fully paid up equity shares of ₹10 each of our Company, subject to certain exceptions and (ii) SSCL was merged into our Company as a going concern with all its assets, liabilities, contracts, arrangements, employees, permits, licenses, records and approvals with effect from April 1, 2018. Further, all the shares of our Company held by SSCL, being 7,92,00,000 equity shares of face value ₹10 each, stood cancelled. Each shareholder of SSCL was allotted 72 fully paid-up equity shares of ₹10 each of our Company for every 25 fully paid-up equity shares of ₹10 each of SSCL.

For further details of cancellation of equity shares of our Company held by SSCL, see “*Capital Structure – Notes to Capital Structure*” on page 76.

The rationale of the Composite Scheme of Arrangement was to separate the two distinct businesses, commodity suspension PVC resin business and specialty business into distinct entities and focus on the growth opportunities for each of these businesses, and also to achieve certain benefits for our Company including: (i) aligning the custom manufacturing and paste PVC specialty products businesses; (ii) greater efficiency in overall combined business including economies of scale, efficiency of operations of the combined business, which could be deployed more efficiently for the purpose of development of businesses of the combined entity and their growth opportunities, eliminating inter corporate dependencies, minimizing the administrative compliances and maximizing shareholders' value; (iii) the synergies created in terms of compliance, governance, administration and cost by the merger that increased operational efficiency and integrated business functions, (iv) more productive and optimum utilization of various resources by pooling of the managerial, technical and financial resources which fueled the growth of the business and helped effectively address growing competition, (v) reduction in the multiplicity of legal and regulatory compliances required at present to be separately carried out by SSCL and our Company.

For further details of CCVL becoming our Subsidiary, see “- *Acquisition of CCVL*” below.

#### **Details regarding material acquisitions or divestments of business/undertakings, and any revaluation of assets in the last 10 years**

Except as disclosed below, our Company has not acquired any material business or undertaken any divestments of business or undertaking or revaluation of assets in the last 10 years preceding the date of this Prospectus:

##### ***Divestment of PVC Pipes facilities***

Pursuant to the agreement for transfer of undertakings dated October 22, 2012, executed by and between our Company and Prince Pipes and Fittings Private Limited, our Company transferred the PVC pipes and manufacturing business with manufacturing facilities situated at Chennai, Tamil Nadu and Kolhapur, Maharashtra, including all of its rights, title and interest in the assets, employees, business, immovable properties, leased premises and liabilities (the “**PVC Pipes Business**”) as a going concern, to Prince Pipes and Fittings Limited.

##### ***Acquisition of Hydrogen Peroxide Plant***

Our Company purchased equipment, plant, machinery, working solutions and catalysts for the manufacture of Hydrogen Peroxides pursuant to a purchase order dated March 9, 2017, from Asian Peroxide Limited. Further, pursuant to a Technology and Know How Purchase Agreement dated March 9, 2017, entered into between our Company, Peroxy Engineers and Projects Pte Limited (“**PEPL**”) and Shiv Kumar Dewan, our Company purchased technology, including *inter alia* intellectual property, technical information and practical information pertaining to the manufacture of Hydrogen Peroxide, from PEPL.

##### ***Acquisition of CCVL***

The entire issued share capital of CCVL, being 303,030,303 equity shares of face value ₹10 each, was acquired by our Company on March 31, 2021, from SESL, for an aggregate consideration of ₹3,003 million. Consequent to such acquisition, CCVL has become a wholly owned subsidiary of our Company with effect from March 31, 2021 (“**CCVL Acquisition**”).

The shares of CCVL were acquired from its previous holding company SESL (at book cost of SESL) for a consideration of ₹3,003 million. The loan availed by SESL from HDFC Limited was secured by 303,030,303 equity shares pledge of CCVL even before CSL acquired shares of CCVL. HDFC Limited approved the CCVL share acquisition by CSL from SESL only on the condition that the pledge will be continued by CSL. Hence, the pledge has merely been continued after the acquisition by CSL.

For further details, please see “*Our Business*” and “*Managements' Discussion and Analysis of Financial Condition and Results of Operation*” on pages 136 and 398, respectively.

#### **Reason for acquisition of CCVL is as follows :**

With a view to (i) capitalize on the growth opportunities available in the specialty chemicals and suspension PVC businesses; (ii) to take advantage of the benefits, to specialty paste PVC and suspension PVC businesses, in terms of co-location and common raw material sourcing; (iii) building one large chemical platform within

SHL Chemicals Group; and (iv) achieve deleveraging by raising necessary equity resources and at the same time keeping both businesses distinct in separate entities, to pursue independent growth opportunities.

For further details, please see “*Our Business*” and “*Managements’ Discussion and Analysis of Financial Condition and Results of Operation*” on pages 136 and 398, respectively.

### **Revaluation of assets in Fiscal 2019**

Our Company re-assessed its accounting for property, plant and equipment with respect to measurement of a certain classes of property, plant and equipment after initial recognition. Our Company had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the assets were carried at cost less accumulated depreciation and accumulated impairment losses.

Further, our Company elected to change the method of accounting for land, buildings and plant and equipment classified as property, plant and equipment, as the Company believed 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.

### **Significant financial and/or strategic partners**

Our Company does not have any financial and / or strategic partners as of the date of this Prospectus.

### **Details of shareholders’ agreements**

Except as disclosed below, our Company does not have any our subsisting shareholders’ agreements among our Shareholders *vis-a-vis* our Company:

**Amended and restated shareholders agreement dated April 23, 2019 entered into between SESL, Greenvalley Investments (Alpha) Limited, SHL Research Foundation, NS Family Consolidations Private Limited, NS Family Investments Private Limited, N Sankar and his heirs, FIH Mauritius Investments Ltd (“FIHM”) (collectively, the “SHA Parties” and such agreement, the “SHA”)**

The SHA Parties entered into the SHA to record their understanding with respect to their mutual rights and obligations, and to set out the terms and conditions governing their relationships, direct and indirect, as shareholders of SESL. While our Company is not a party to the SHA, pursuant to the SHA, FIHM, Greenvalley Investments (Alpha) Limited, SHL Research Foundation, NS Family Consolidations Private Limited and NS Family Investments Private Limited are, amongst other things, currently entitled to certain rights *vis-à-vis* our Company and CCVL.

These rights include (i) the right to appoint nominee directors to our Board, (ii) requirements for prior approval in relation to certain matters concerning our business and corporate affairs, (iii) rights in relation to corporate governance including quorum requirements, restrictions on issuance of equity shares, and (iv) certain information rights pertaining to the operations and financials of our Company and CCVL (such information rights, “**Information Rights**”, and the aforesaid rights collectively referred to as “**Rights**”).

The SHA Parties have, pursuant to the Waiver Letters, issued certain waivers and consents with regard to their respective rights under the SHA, for the purpose of enabling the Company to undertake the Offer.

Further, pursuant to an amendment agreement dated April 28, 2021, the SHA Parties have agreed that all Rights *vis-à-vis* our Company and CCVL (except for the Information Rights, which will continue to subsist solely for FIHM, to the extent not prohibited by any applicable law) will cease to have effect from the date on which Equity Shares of the Company are allotted pursuant to the listing of the Equity Shares, and consequently, no person or party shall have any Rights with respect to our Company and CCVL.

### **Other agreements**

Except as disclosed below, our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business:

**Joint venture agreement dated November 26, 2016 entered into by and between Kem One SAS France and our Company (“Joint Venture Agreement”)**

Kem One SAS France and our Company entered into the Joint Venture Agreement to set up Kem One Chemplast Private Limited, for implementing a project for manufacture and sale of chlorinated PVC resin (C-PVC) at Karaikkal with 50:50 equity participation. However, our Company has not made any investment in such joint venture as of the date of this Prospectus. The parties to the Joint Venture Agreement are subject to certain non-compete and non-solicitation obligations.

**Grant letter dated May 20, 2019**

Pursuant to a grant letter dated May 20, 2019, our Company has granted CCVL, a royalty free, non-exclusive, personal, non-transferable right to use the tradename ‘CHEMPLAST’ and trade marks ‘CHEMPLAST’ and



in the trade and business of Suspension-PVC carried out by CCVL and in commercial and advertising documents relating thereto, including packaging material, subject to certain terms and conditions.

**Letter dated March 22, 2021 from our Promoter**

Pursuant to a letter dated March 22, 2021, our Promoter has granted our Company, a royalty free, non-exclusive,



personal, non-transferable right to use the tradename ‘S Sanmar’ and trade mark “SANMAR”, in the trade and business and in commercial and advertising documents relating thereto, including packaging material, subject to certain terms and conditions.

**Guarantees given by our Promoter Selling Shareholder**

Except as disclosed below and in “Our Promoter and Promoter Group” on page 188, the Promoter Selling Shareholder has not provided any guarantees to third parties:

Details of guarantee	Reason	Guarantee Amount (in million)	Obligations on our Company	Expiry of guarantee	Financial implications in case of default	Security available	Consideration
Corporate Guarantee	NCDs issued by our Company	₹12,700	Company to repay its debt obligations to lenders	December, 2026	The guarantee will be invoked by the respective lenders	Nil	Nil
Corporate guarantee	Working capital facilities availed by TCI Sanmar	US\$ 106.00	N.A.	March 31, 2030	The guarantee will be invoked by the respective lenders	Nil	Nil
		US\$ 55.00		August 12, 2023			
Corporate Guarantee	Raw Material Purchase by TCI Sanmar	US\$ 115.00	N.A.	December 31, 2022	The guarantee will be invoked by the respective beneficiaries	Nil	Nil
Corporate Guarantee	FC Facility (term debt) availed by TCI Sanmar	US\$ 269.75	N.A.	March 31, 2033	The guarantee will be invoked by the respective lenders	Nil	Nil
Corporate Guarantee	Term Facility (term debt) availed by TCI Sanmar	US\$ 509.05	N.A.	September 30, 2036	The guarantee will be invoked by the respective lenders	Nil	Nil



Corporate Guarantee	Term Loan of TCI Sanmar	US\$ 35.44	N.A.	March 31, 2028	The guarantee will be invoked by the respective lenders	Nil	Nil
Corporate Guarantee	NCD advance held by TCI Sanmar	US\$ 129.60	N.A.	September 30, 2040	The guarantee will be invoked by the respective lenders	Nil	Nil

Further, the Promoter Selling Shareholder, alongwith with the Promoter Group Selling Shareholder, has also provided letters of comfort in relation to an amount up to US\$ 740.22 million to the lenders of TCI Sanmar.

Further, for details of Equity Shares pledged by the Promoter Selling Shareholder, see “*Capital Structure*” on page 76.

**Other confirmations**

Neither our Promoter nor any of the Key Managerial Personnel, Directors or employees of our Company have entered into an agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings of the securities of our Company.

## OUR SUBSIDIARY

As on the date of this Prospectus, our Company has one subsidiary, being Chemplast Cuddalore Vinyls Limited (“CCVL”).

For further details of CCVL becoming our Subsidiary, see “*History and Certain Corporate Matters – Acquisition of CCVL*” on page 166.

### Details regarding CCVL

#### *Corporate Information*

CCVL was incorporated as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated April 9, 1991, issued by the RoC under the name of “Kalamkriya Private Limited”. It has become a deemed public Company under section 43 A (2) of the erstwhile Companies Act 1956, and its name was changed from “Kalamkriya Limited” to “Chemplast Cuddalore Vinyls Limited” with effect from April 16, 2018. Its corporate identification number is U24100TN1991PLC020589. Its registered office is at 9, Cathedral Road, Chennai, 600086, Tamil Nadu, India.

#### *Nature of Business*

CCVL is engaged in the business of manufacture and sale of Suspension Poly Vinyl Chloride (PVC) resins.

#### *Capital Structure*

The details of the capital structure of CCVL are as follows:

Particulars	Aggregate Nominal Value (₹ in million)
<b>Authorised share capital</b>	
304,000,000 equity shares of ₹10 each	3,040.00
8,000 4% Non cumulative Redeemable preference shares of ₹100 each	0.8
<b>Issued, subscribed and paid-up capital</b>	
303,030,303 equity shares of ₹10 each	3,030.30

#### *Shareholding Pattern*

The shareholding pattern of CCVL, as of the date of this Prospectus, is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹10 each	Percentage of shareholding (%)
1.	Chemplast Sanmar Limited*	303,030,303**	100.00
<b>Total</b>		303,030,303	100.00

\*Held along with 6 nominees holding 1 equity share each.

\*\*Pledged in favour of Housing Development Finance Corporation Limited as of the date of this Prospectus.

### Other confirmations

There are no accumulated profits or losses of CCVL which have not been accounted for by our Company.

### Listing

CCVL is not listed on any stock exchange in India or abroad. Further, the securities of CCVL have not been refused listing by any stock exchange in India or abroad, nor has it failed to meet the listing requirements of any stock exchange in India or abroad.

### Business interest of our Subsidiary in our Company

CCVL does not have any interest in our Company’s business other than as stated in “*Our Business*” on page 136, respectively.

**Common pursuits**

There are no common pursuits amongst CCVL and our Company. Further, there is no conflict of interest between our Company and CCVL. Our Company and CCVL will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

## OUR MANAGEMENT

### Board of Directors

In terms of the Companies Act and our Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Prospectus, our Board comprises eight Directors including one Executive Director, three Non-Executive Directors (including a Non-Executive Chairman) and four Independent Directors, one of whom is a woman.

The following table sets forth details regarding our Board as of the date of this Prospectus:

S. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Directorships in other companies
1.	<p><b>Vijay Sankar</b></p> <p><i>Designation:</i> Chairman and Non – executive Director</p> <p><i>Address:</i> 194, T T K Road, Chennai 600018, Tamil Nadu</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Date of birth:</i> December 26, 1972</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship and Term:</i> Liable to retire by rotation.</p> <p><i>DIN:</i> 00007875</p>	48	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Oriental Hotels Limited;</li> <li>• The K C P Limited;</li> <li>• Transport Corporation of India Limited;</li> <li>• Kaveri Retreats and Resorts Limited;</li> <li>• Sanmar Holdings Limited;</li> <li>• Sanmar Consolidations Private Limited;</li> <li>• NS Family Consolidations Private Limited;</li> <li>• SCL Consultancy and Trading Private Limited;</li> <li>• Barbourne Trading Private Limited;</li> <li>• NS Family Investments Private Limited;</li> <li>• Stargate Enterprises Private Limited;</li> <li>• V S Trading and Consultancy Private Limited;</li> <li>• C Sankar Trading and Consultancy Private Limited;</li> <li>• M Sankar Trading and Consultancy Private Limited;</li> <li>• Indian Chemical Council;*</li> <li>• Chennai Willingdon Corporate Foundation;*</li> <li>• Chennai Heritage;*</li> <li>• SCL Research Foundation;*</li> <li>• Southern India Chamber of Commerce &amp; Industry;*</li> <li>• Young Presidents’ Organization (Chennai Chapter).*</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
2.	<p><b>Ramkumar Shankar</b></p> <p><i>Designation:</i> Managing Director</p> <p><i>Address:</i> G – 10, B – Block, Jains Saagarika Satyadev Avenue, MRC Nagar, Chennai – 600028, Tamil Nadu</p> <p><i>Occupation:</i> Company Executive</p> <p><i>Date of birth:</i> March 23, 1967</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of Directorship and Term:</i> For a period of five years with effect from February 1, 2021 and not liable to retire by rotation</p> <p><i>DIN:</i> 00018391</p>	54	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Chemplast Cuddalore Vinyls Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>

S. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Directorships in other companies
3.	<p><b>Chandran Ratnaswami</b>  <i>Designation:</i> Non – executive Director</p> <p><i>Address:</i> 177 Mckee Avenue, Ontario, M2N4C6 Toronto, Canada</p> <p><i>Occupation:</i> Service</p> <p><i>Date of birth:</i> May 11, 1949</p> <p><i>Nationality:</i> Canadian</p> <p><i>Period of Directorship and Term:</i> Liable to retire by rotation.</p> <p><i>DIN:</i> 00109215</p>	72	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Thomas Cook (India) Limited;</li> <li>• IIFL Finance Limited;</li> <li>• Qess Corp Limited;</li> <li>• Bangalore International Airport Limited;</li> <li>• Sanmar Engineering Services Limited;</li> <li>• Go Digit General Insurance Limited;</li> <li>• Fairbridge Capital Private Limited;</li> <li>• National Commodities Management Services Limited (formerly known as National Collateral Management Services Limited);</li> <li>• Go Digit Infoworks Services Private Limited</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>• Zoomer Media Limited, Canada;</li> <li>• Thai Reinsurance Public Company Limited;</li> <li>• ORE Holdings Limited;</li> <li>• HWIC Asia Fund, Mauritius;</li> <li>• FAL Corporation, Mauritius;</li> <li>• Fairfax India Holdings Corporation, Canada;</li> <li>• Fairbridge Capital (Mauritius) Limited;</li> <li>• FIH Mauritius Investments Ltd;</li> <li>• FIH Private Investments Ltd;</li> <li>• Fairfirst Insurance Limited;</li> <li>• Primary Real Estate Investment;</li> <li>• H Investments Limited;</li> <li>• I Investments Limited;</li> <li>• HW Private Investments Limited;</li> <li>• Fairbridge Investments (Mauritius) Limited;</li> <li>• Fairfax Consulting Services India Limited;</li> <li>• 11470370 Canada Inc.</li> </ul>
4.	<p><b>Amarnath Ananthanarayanan</b>  <i>Designation:</i> Non – executive Director</p> <p><i>Address:</i> 2C, Green Edge, Old No. 12, New No. 21, Masilamani Road, Royapettah, Chennai – 600 014, Tamil Nadu</p> <p><i>Occupation:</i> Company executive</p> <p><i>Date of birth:</i> April 7, 1971</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>Period of Directorship:</i> Since March 28, 2019</p> <p><i>DIN:</i> 02928105</p>	50	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Sanmar Holdings Limited;</li> <li>• Chemplast Cuddalore Vinyls Limited;</li> <li>• Greenvally Investments (Alpha) Limited;</li> <li>• Sanmar Engineering Services Limited;</li> <li>• SHL Research Foundation.*</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
5.	<p><b>Dr. Lakshmi Vijayakumar</b>  <i>Designation:</i> Independent Director</p> <p><i>Address:</i> No.25 Ranjit Road, Kotturpuram S.O., Chennai 600 085, Tamil Nadu</p> <p><i>Occupation:</i> Doctor</p> <p><i>Date of birth:</i> March 20, 1955</p>	66	<p><i>Indian Companies</i></p> <p>Chemplast Cuddalore Vinyls Limited</p> <p><i>Foreign Companies</i></p> <p>Nil</p>

S. No.	Name, designation, address, occupation, date of birth, nationality, period and term and DIN	Age (years)	Directorships in other companies
	<p><b>Nationality:</b> Indian</p> <p><b>Period of Directorship and Term:</b> For a period of five years with effect from April 26, 2021 and not liable to retire by rotation.</p> <p><b>DIN:</b> 09115998</p>		
6.	<p><b>Aditya Jain</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> F - 63, Radhe Mohan Drive, Gadaipur Bund Road, Mehrauli, New Delhi, 110074</p> <p><b>Occupation:</b> Service</p> <p><b>Date of birth:</b> October 27, 1960</p> <p><b>Nationality:</b> Indian</p> <p><b>Period of Directorship and Term:</b> For a period of five years with effect from April 26, 2021 and not liable to retire by rotation.</p> <p><b>DIN:</b> 00835144</p>	60	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>International Market Assessment (India) Private Limited;</li> <li>PR Pundit Public Relations Private Limited;</li> <li>Chemplast Cuddalore Vinyls Limited.</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
7.	<p><b>Sanjay Vijay Bhandarkar</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> 33, Moonreach CHS, Prabha Nagar, Prabhadevi, Mumbai 400025</p> <p><b>Occupation:</b> Self - employed</p> <p><b>Date of birth:</b> March 26, 1968</p> <p><b>Nationality:</b> Indian</p> <p><b>Period of Directorship and Term:</b> For a period of five years with effect from April 26, 2021 and not liable to retire by rotation.</p> <p><b>DIN:</b> 01260274</p>	53	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>S Chand and Company Limited;</li> <li>The Tata Power Company Limited;</li> <li>HDFC Asset Management Company Limited;</li> <li>Newage Power Company Private Limited;</li> <li>Walwhan Renewable Energy Limited;</li> <li>Vagarai Windfarm Limited;</li> <li>Tata Power Renewable Energy Limited;</li> <li>National Investment and Infrastructure Fund Limited;</li> <li>Tata Projects Limited.</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
8.	<p><b>Prasad Raghava Menon</b></p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> 264/A, Road No. 12, M L A Colony, Khairatabad, Banjara Hills, Hyderabad 500034, Telangana</p> <p><b>Occupation:</b> Retired</p> <p><b>Date of birth:</b> January 23, 1946</p> <p><b>Nationality:</b> Indian</p> <p><b>Period of Directorship and Term:</b> For a period of five years with effect from April 26, 2021 and not liable to retire by rotation.</p> <p><b>DIN:</b> 00005078</p>	75	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>Dr. Reddy's Laboratories Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>

*\*Companies incorporated under Section 25 of the erstwhile Companies Act, 1956.*

### **Arrangement or understanding with major shareholders, customers, suppliers or others**

In terms of the SHA, FIHM, Greenvalley Investments (Alpha) Limited, SHL Research Foundation, NS Family Consolidations Private Limited and NS Family Investments Private Limited are, amongst other things, entitled to a right to appoint nominee directors to our Board. These parties have issued certain waivers and consents, with regard to their respective rights under the SHA pursuant to the Waiver Letters. For further details see “*History and Certain Corporate Matters – Shareholders’ Agreements*” on page 167. However, none of our current Directors have been appointed to our Board pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others. Further, none of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

### **Relationship between our Directors**

None of our Directors are related to each other.

### **Brief Biographies of Directors**

**Vijay Sankar** is the Chairman and Non – executive Director of our Company. He has been associated as Director of our Company since April 2021. He was on the board of directors of our Company during the period from June 1999 to July 2004. He holds a bachelors’ degree in commerce from the University of Madras and a masters’ degree in management from J. L. Kellogg Graduate School of Management, Northwestern University. He is an associate member of the ICAI. He is also the Honorary Consul General of Denmark, Chennai with jurisdiction over the States of Tamil Nadu, Andhra Pradesh, Telangana, Kerala, Karnataka and the Union Territory of Puducherry. He had earlier served as the Honorary Consul of Spain in Chennai for close to 10 years. He was the president of Indian Chemical Council from 2018 – 2020 and currently serves as the vice president of the Tamil Nadu Tennis Association. He is an industrialist and has several years of experience in managing several businesses. He is on the boards of companies such as The KCP Limited, Oriental Hotels Limited, Kaveri Retreats and Resorts Limited and Transport Corporation of India Limited.

**Ramkumar Shankar** is the Managing Director of our Company. He has been associated as the Managing Director of the Company since February 2021. He is also the managing director of CCVL since April 2020 and has been heading the chloro – vinyl business of our Company since 2013. He holds a bachelors’ degree in commerce from the University of Madras and has completed an accelerated management programme from the Indian School of Business. He is also a qualified chartered accountant and a cost accountant. Presently, he is a member of the CII National Committee on Chemicals and Petrochemicals 2020 – 21, co – opted member of the general committee 2020 – 21 of the Madras Chamber and was a president of Alkali Manufacturers Association of India. He has several years of experience in the chloro-vinyls business.

**Chandran Ratnaswami** is a Non – executive Director of our Company. He has been associated as a Director of our Company since April 2021. He holds a bachelors’ degree in technology (civil engineering) from the Indian Institute of Technology, Madras and a masters’ degree in business administration from University of Toronto. He is the chief executive officer of Fairfax India Holdings Corporation, a company listed on the Toronto Stock Exchange, and a managing director of Hamblin Watsa Investment Counsel Limited. He brings over several years of experience in investment sector.

**Amarnath Ananthanarayanan** is a Non – Executive Director of our Company. He has been associated as a Director of our Company since March 2019. He holds a bachelors’ degree in economics from St. Stephen’s College, Delhi and a masters’ degree in arts (economics) from the University of Delhi. He also holds a degree of doctor of philosophy from Graduate School – New Brunswick, Rutgers, the State University of New Jersey and is admitted as a fellow of Institute of Directors. He has several years of experience across various sectors such as financial services, manufacturing, and academics. He is a recipient of Udyog Rattan Award conferred by The Institute of Economic Studies.

**Dr. Lakshmi Vijayakumar** is an Independent Director of our Company. She has been associated as Director of the Company since April 2021. She holds a bachelors’ degree in medicine, bachelor of surgery from the Madras University and a post graduate diploma in psychological medicine from Thanjavur Medical College, University of Madras. She holds a degree of doctor of philosophy (psychiatry of suicide) from the Tamil Nadu Dr. M.G.R. Medical University, Chennai. She is registered as a medical practitioner with the Tamil Nadu Medical Council.

She has been conferred the Honorary Fellowship of the Royal College of Psychiatrists and of the Collegium Regium Medicorum Edinburgense. She is registered with the Independent Directors' Databank issued by the Indian Institute of Corporate Affairs. She has several years of experience in the medical sector. She is the founder of SNEHA, an NGO in Chennai and is an honorary associate professor in the University of Melbourne.

**Aditya Jain** is an Independent Director of our Company. He has been associated as Director of our Company since April 2021. He holds a bachelors' degree in mechanical engineering from Birla Institute of Technology, Ranchi University and masters' degree in business administration from Henley - The Management College, Brunel University. He is registered with the Independent Directors' Databank issued by the Indian Institute of Corporate Affairs. He is the chairman and editorial director of International Market Assessment India Private Limited, an economic and business research company, established in 1994.

**Sanjay Vijay Bhandarkar** is an Independent Director of our Company. He has been associated as the Director of our Company since April 2021. He holds a bachelors' degree in commerce from University of Poona and has completed postgraduate diploma in management from XLRI Jamshedpur. He is registered with the Independent Directors' Databank issued by the Indian Institute of Corporate Affairs. He is on the board of various companies including S Chand and Company Limited, The Tata Power Company Limited and HDFC Asset Management Company Limited. He has several years of experience in the corporate finance, advisory and investment banking sectors.

**Prasad Raghava Menon** is an Independent Director of our Company. He has been associated as Director of the Company since April 2021. He holds a bachelors' degree from Indian Institute of Technology, Kharagpur. He is registered with the Independent Directors' Databank issued by the Indian Institute of Corporate Affairs. He has several years of experience in the chemical and power sector. Previously, he was the managing director of TATA Power Company Limited and TATA Chemicals Limited. He has also received a certificate of appreciation from Indian Institute of Technology, Kharagpur for his contribution to the founding batch endowment of Indian Institute of Technology, Kharagpur.

#### **Details regarding directorships of our Directors in listed companies**

None of our Directors is or was, during the last five years preceding the date of this Prospectus, a director of any listed company whose shares have been or were suspended from being traded on the stock exchanges during their tenure as a director in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during their tenure as a director in such company.

#### **Confirmations**

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

#### **Terms of appointment of Directors**

##### **1. Remuneration to Managing Director:**

Our Managing Director was paid ₹ 2.06 million by our Company in Financial Year 2021 (*i.e.* for the period from February 1, 2021 up to March 31, 2021). The terms of appointment of our Managing Director, Ramkumar Shankar, approved by the Board on January 30, 2021, and approved by the shareholders on March 24, 2021, are as follows:

Period of appointment	Five years from February 1, 2021
Basic Salary	₹ 4,00,000 per month
Perquisites	As applicable to other senior management employees of the Company, including:  <u>Housing</u> – leased accommodation / house rent allowance equal to 60% of basic salary.



	<p><u>Conveyance</u> - conveyance allowance or Company car equal to 50% of basic salary.</p> <p><u>Medical</u> - 10% of basic salary.</p> <p><u>Special Allowance</u> – 13% of basic salary</p> <p><u>Miscellaneous reimbursement allowance</u> - 25% of basic salary</p> <p><u>Retirement Benefits</u> – provident fund and gratuity</p> <p><u>Special Annual Payment</u> - 50% of the basic salary payable in accordance with the Company’s Special Annual Payment – Scheme</p>
Commission	As determined by the Board from year to year, subject to the overall ceilings stipulated in Section 197 of the Companies Act, 2013.
Minimum Remuneration	In accordance with paragraph A of section II of part II of the Companies Act, 2013 read with rules made thereunder, not exceeding the remuneration stated herein.
Notice period	4 months on either side or gross salary in lieu thereof

## 2. Sitting Fees to Non-Executive and Independent Directors:

Pursuant to the Board resolution dated April 15, 2021, each Independent Director, is entitled to receive sitting fees of approximately ₹ 50,000 per meeting for attending meetings of the Board and sitting fees of ₹ 25,000 per meeting for attending meetings of committees of the Board, and the Non – executive and Independent Directors are entitled to receive commission, if any, approved by the Board and the Shareholders of our Company, within the limits prescribed under the Companies Act, and the rules made thereunder. Our Non – executive Directors and our Independent Directors, to the extent that they were Directors of our Company in Financial Year 2021, did not accept any sitting fees during Financial Year 2021.

### Shareholding of Directors in our Company and our Subsidiary

Our Articles of Association do not require our Directors to hold any qualification shares. None of our Directors hold any Equity Shares in our Company or our Subsidiary.

### Interest of Directors

All Non – executive Directors and Independent Directors may be deemed to be interested to the extent of sitting fees and commission payable, if any, to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Executive Director may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in “*Our Management – Terms of appointment of our Directors - Remuneration to Executive Director*” on page 176.

Further, none of our Directors have any interest in the promotion or formation of our Company. The Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares.

None of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, etc.

No loans have been availed by our Directors from our Company or the Subsidiary.

None of our Directors are party to any bonus or profit sharing plan of our Company.

## Changes in the Board in the last three years

Name	Date of Change	Reason	Reason for resignation
Vijay Sankar	April 26, 2021	Appointed as Chairman and Non – executive Director	Not applicable
Lavanya Venkatesh	April 26, 2021	Resignation	No reason for resignation was mentioned by Lavanya Venkatesh in her resignation letter.
V K Parthasarathy	April 26, 2021	Resignation	No reason for resignation was mentioned by V K Parthasarathy in his resignation letter.
Aditya Jain	April 26, 2021	Appointment as an Independent Director	Not applicable
Prasad Raghava Menon	April 26, 2021	Appointment as Independent Director	Not applicable
Dr. Lakshmi Vijayakumar	April 26, 2021	Appointment as an Independent Director	Not applicable
Sanjay Vijay Bhandarkar	April 26, 2021	Appointment as an Independent Director	Not applicable
Chandran Ratnaswami	April 26, 2021	Appointed as a Non – executive Director	Not applicable
Amarnath Ananthanarayanan	April 26, 2021	Change in designation from an Independent Director to a Non – executive Director	Not applicable
S. Sankaran	March 16, 2020	Resignation	Due to other preoccupation
Ramkumar Shankar	February 1, 2021	Appointed as the Managing Director	Not applicable
P S Jayaraman	January 31, 2021	Resignation	Due to preoccupation
Amarnath Ananthanarayanan	March 28, 2019	Appointment as an Independent Director	Not applicable
S V Mony	January 25, 2019	Demise	Not applicable

## Borrowing Powers of Board

Pursuant to our Shareholders' resolution dated December 14, 2019, in accordance with Section 180 of the Companies Act, 2013, our Board is empowered to borrow on behalf of our Company moneys from time to time by way of loans, debentures, advances, credits or otherwise with or without security as it may consider proper, notwithstanding that the moneys to be borrowed by our Company together with the moneys already borrowed or to be borrowed (apart from temporary loans obtained from our Company's bankers in the ordinary course of its business), from one or more banks / financial institutions in India or abroad, or from any bodies corporate or persons in India or abroad, may exceed the aggregate of the paid up capital and free reserves that is to say, reserves not set apart for any specific purposes, provided that the total amount which may be so borrowed by our Board and outstanding at any time shall not exceed ₹ 40,000 million over and above the paid-up capital and free reserves of our Company.

## Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges, BSE and NSE. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof, as applicable. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

## Committees of the Board

### Audit Committee

The members of the Audit Committee are:

1. Sanjay Vijay Bhandarkar – Chairman

2. Vijay Sankar – Member
3. Prasad Raghava Menon – Member

The Audit Committee was constituted on March 31, 2015 and was subsequently re – constituted on April 26, 2021. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations and its terms of reference include the following:

- 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, with particular reference to:
  - (i) Matters required to be stated in the Director’s responsibility statement to be included in the Board’s report in terms of Section 134(3)(c) of the Companies Act, 2013;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications and modified opinions in the draft audit report.
- f. Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g. Scrutiny of inter-corporate loans and investments;
- h. Valuation of undertakings or assets of our Company, wherever it is necessary;
- i. Evaluation of internal financial controls and risk management systems;
- j. Approval or any subsequent modification of transactions of our Company with related parties;
- k. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- l. Evaluating undertakings or assets of our Company, wherever necessary;
- m. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- n. Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- o. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- p. Discussion with internal auditors on any significant findings and follow up thereon;
- q. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- r. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- s. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- t. Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- u. Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- v. Carrying out any other functions as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws; and
- w. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

- x. Reviewing the utilization of loan and/or advances from investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments
- y. The powers of the Audit Committee will include the following:
  - (i) To investigate activity within its terms of reference;
  - (ii) To seek information from any employees;
  - (iii) To obtain outside legal or other professional advice;
  - (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary; and
  - (v) Monitoring the end use of funds raised through public offer and related matters.
- z. The Audit Committee shall mandatorily review the following information:
  - (i) Management discussion and analysis of financial condition and result of operations;
  - (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - (iii) Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - (iv) Internal audit reports relating to internal control weaknesses;
  - (v) The appointment, removal and terms of remuneration of the chief internal auditor; and
  - (vi) Statement of deviations:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
    - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
- aa. review the financial statements of the subsidiary, in particular, the investments made by the unlisted subsidiary

#### ***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Aditya Jain – Chairman
2. Vijay Sankar – Member
3. Sanjay Vijay Bhandarkar – Member

The Nomination and Remuneration Committee was reconstituted on March 31, 2015 and was subsequently re – constituted on April 26, 2021. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

- a. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulating of criteria for evaluation of independent directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- e. Analysing, monitoring and reviewing various human resource and compensation matters;
- f. Determining our Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- g. Recommend to the board, all remuneration, in whatever form, payable to senior management;
- h. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

- i. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
  - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- j. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- k. Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

### ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Aditya Jain - Chairman
2. Vijay Sankar – Member
3. Amarnath Ananthanarayanan – Member

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on April 26, 2021. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act and the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee are as follows:

- a. Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
- b. Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- c. Issue of duplicate certificates and new certificates on split/ consolidation/ renewal;
- d. Non-receipt of declared dividends, balance sheets of our Company, annual report or any other documents or information to be sent by our Company to its shareholders;
- e. Review of measures taken for effective exercise of voting rights by shareholders;
- f. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the registrar and share transfer agent;
- g. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- h. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- i. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- j. Allotment and listing of shares;
- k. To authorise affixation of common seal of the Company;
- l. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;
- m. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
- n. To dematerialize or rematerialize the issued shares;
- o. Ensure proper and timely attendance and redressal of investor queries and grievances;
- p. Carrying out any other functions contained in the Companies Act, 2013 and/or equity listing agreements (if applicable), as and when amended from time to time; and
- q. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

### ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Vijay Sankar – Chairman
2. Ramkumar Shankar – Member
3. Dr. Lakshmi Vijayakumar – Member

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on March

31, 2015 and was subsequently re – constituted on April 26, 2021. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

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

### ***IPO Committee***

The members of the IPO Committee are:

1. Vijay Sankar – Chairman
2. Ramkumar Shankar – Member
3. Amarnath Ananthanarayanan – Member

The IPO Committee was constituted by our Board at their meeting held on April 26, 2021. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, to approve the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, to decide the terms and conditions of the Offer, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time.

- (i) To make applications to seek clarifications and obtain approvals from, where necessary, the Securities and Exchange Board of India (“SEBI”), the Reserve Bank of India (“RBI”) and any other governmental or statutory/regulatory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- (ii) If deemed appropriate, to invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;
- (iii) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws;
- (iv) To take all actions as may be necessary and authorised in connection with the Offer for Sale and to approve and take on record the approval of the Selling Shareholder(s) for offering their Equity Shares in the Offer for Sale and the transfer of Equity Shares in the Offer for Sale including the quantum in terms of number of Equity Shares/amount offered by the Selling Shareholder(s) in the Offer for Sale, allow revision of the Offer for Sale portion in case any Selling Shareholder decides to revise it, in accordance with the Applicable Laws ;
- (v) To appoint and enter into arrangements with the GCBRLMs, BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, advisors to the Offer, escrow collection bank(s) to the Offer, registrars to the Offer, sponsor bank, refund bank(s) to the Offer, public offer account bank(s) to the Offer, advertising agencies, legal counsel and any other agencies or persons or intermediaries to the Offer and to negotiate and finalise and amend the terms of their appointment, including but not limited to execution of the GCBRLMs, BRLMs’ mandate letter, negotiation, finalisation, execution and, if required, amendment of the Offer agreement with the GCBRLMs, BRLMs and the underwriting agreement with the underwriters;
- (vi) To authorise the maintenance of a register of holders of the Equity Shares;

- (vii) To negotiate, finalise, settle, execute and deliver or arrange the delivery of Offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow agreement, share escrow agreement, monitoring agency agreement and all other documents, deeds, agreements, memorandum of understanding, and any notices, supplements, amendments and corrigenda thereto, as may be required or desirable and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, Stock Exchanges, GCBRLMs, BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;
- (viii) To decide the pricing, the terms of the issue of the Equity Shares, all other related matters regarding the Pre-IPO Placement if any, including the execution of the relevant documents with the investors, in consultation with the Selling Shareholders and the GCBRLMs, BRLMs, and rounding off, if any, in the event of oversubscription and in accordance with applicable laws;
- (ix) To decide in consultation with the selling shareholder, the GCBRLMs and the BRLMs on the size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;
- (x) to finalise, approve, adopt, deliver and arrange for, in consultation with the GCBRLMs, the BRLMs, submission of the draft red herring prospectus (“DRHP”), the red herring prospectus (“RHP”) and the prospectus with the SEBI, Registrar of Companies, Tamil Nadu at Chennai (the “RoC”) (including amending, varying or modifying the same, as may be considered desirable or expedient) , the preliminary and final international wrap, the bid cum application forms, abridged prospectus, confirmation of allocation notes and any other document in relation to the Offer as finalised by the Company, and take all such actions as may be necessary for the submission and filing of the documents mentioned above, including incorporating such amendments, supplements, notices, addenda or corrigenda thereto for the offer of Equity Shares including incorporating such alterations/ corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities or in accordance with all applicable law;
- (xi) To seek, if required, the consent of the lenders of the Company, industry data providers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;
- (xii) To open and operate bank account(s) of the Company in terms of the cash escrow agreement, sponsor bank agreement, as applicable with a scheduled bank to receive applications along with application monies, handling refunds and for the purposes set out in Section 40(3) of the Companies Act, 2013, as amended, in respect of the Offer, and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xiii) To authorise and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- (xiv) To approve code of conduct as may be considered necessary or as required under applicable laws for the Board, officers of the Company and other employees of the Company;
- (xv) To authorise any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer;
- (xvi) To approve suitable policies in relation to the Offer as may be required under applicable laws;
- (xvii) To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under applicable laws, in connection with the Offer and to approve policies to be formulated under the Companies Act, 2013, as amended and the regulations prescribed by SEBI including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, (given the proposed listing of the Company);
- (xviii) To authorise and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
- (xix) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act or as may be required by the regulations issued by SEBI and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- (xx) To determine and finalise the bid opening and bid closing dates (including bid opening and closing dates for anchor investors), floor price/price band for the Offer, total number of Equity Shares to be reserved for allocation to eligible investors, the Offer price for anchor investors, approve the basis for allocation/allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the prospectus, in consultation with the GCBRLMs

and the BRLMs and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;

- (xxi) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on the Stock Exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
- (xxii) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with applicable laws;
- (xxiii) To make applications for listing of Equity Shares on the Stock Exchanges and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;
- (xxiv) To do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the aforesaid documents;
- (xxv) To do all such acts, deeds, matters and things and execute all such other documents, etc., as it may, in its absolute discretion, deem necessary or desirable for the Offer, in consultation with the GCBRLMs and the BRLMs, including without limitation, determining the anchor investor portion and allocation to anchor investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with applicable laws;
- (xxvi) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under applicable laws to the officials of the Company;
- (xxvii) To take such action, give such directions, as may be necessary or desirable as regards the Offer and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the Offer, as are in the best interests of the Company;
- (xxviii) To approve the expenditure in relation to the Offer;
- (xxix) To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;  
To determine the utilization of proceeds of the Fresh Issue and accept and appropriate proceeds of the Fresh Issue in accordance with the applicable laws;
- (xxx) To submit undertaking/certificates or provide clarifications to the SEBI and the Stock Exchanges where the Equity Shares of the Company are proposed to be listed; and
- (xxxi) 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 and to delegate such of its powers as may be deemed necessary to the officials of the Company.

### ***Risk Management Committee***

The members of the Risk Management Committee are:

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

The Risk Management Committee was constituted by our Board at their meeting held on July 16, 2021. The role of the Risk Management Committee of our Company include the following:

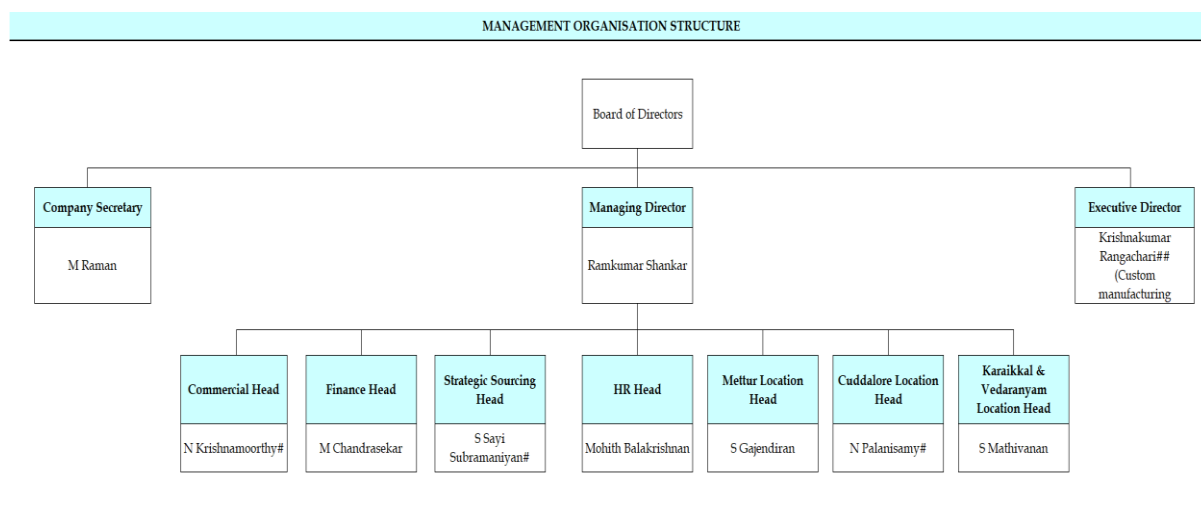
1. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operation, sectoral, sustainability (particulars, ESG related risks, information, cyber security risks) or any other risks as may be determined by the Committee.



- (b) Measures for risk mitigation including systems and processes for internal control of identical risks,
  - (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risk associated with the business of the Company.
  3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
  4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
  5. To keep the board of directors informed about the nature and content of its discussion, recommendations and actions to be taken
  6. 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.

### Management Organisation Chart



#Permanent employees of CCVL  
##Not on the Board of our Company

### Key Managerial Personnel

The details of the Key Managerial Personnel of our Company are as follows:

Ramkumar Shankar is the Managing Director of our Company. For further details see “– *Brief Biographies of Directors*” and “*Remuneration to Managing Director*” on pages 175 and 176, respectively.

**N Krishnamoorthy** is the executive director (commercial) of our Company. He has been associated with our Company since 1993. He holds a bachelor’s degree in engineering (electrical and electronics) from Madurai Kamaraj University and holds a masters’ degree in business administration from Anna University. He has approximately 37 years of work experience and was previously associated with Reliance Industries Limited and Southern Petrochemical Industries Corporation Limited. During the Financial Year 2021, he was paid gross salary of ₹ 8.32 million.

**Dr. Krishna Kumar Rangachari** is the executive director (business operations) of our custom manufacturing plant at Berigai Facility. He has been associated with our Company since March 2021. He holds a bachelor’s

degree in engineering (honours) in chemical branch from the Birla Institute of Technology and Science, Pilani. He also holds a masters' degree in science and a degree in doctor of philosophy from North Carolina State University, USA. He has approximately 30 years of work experience and was previously associated with Cabot Sanmar Limited and Rayonier Performance Fibres Division, USA and has exposure to managing global teams and managing global customer relationships. During the Financial Year 2021, he was paid gross salary of ₹ 1.70 million.

**S Sayi Subramaniyan** is the Senior Vice President (strategic sourcing) of CCVL. He has been associated with our Company since 2010. He holds a bachelor's degree in technology (chemical engineering) from Nagpur University. He has approximately 32 years of work experience and was previously associated with Dalmia Cement (Bharat) Limited and Shasun Chemicals & Drugs Limited. During the Financial Year 2021, he was paid gross salary of ₹ 4.43 million.

**S Gajendiran** is the Executive Vice President (operations) of our Company and is the location head of our Mettur Facility. He has been associated with our Company since 2005. He holds a bachelor's degree in technology (chemical engineering) from Bharathiar University, and a diploma from the Great Lakes Institute of Management, Chennai. He has approximately 30 years of work experience and was previously associated with Thirumalai Chemicals Limited, SIP Resins Limited and SIP Industries Limited. During the Financial Year 2021, he was paid gross salary of ₹ 4.51 million.

**N Palanisamy** is the Senior Vice President (operations) of CCVL. He has been associated with our Company since 1995. He holds a bachelor's degree in technology (instrument technology) from Anna University and holds post graduate diploma in business administration from Annamalai University. He has approximately 32 years of work experience and was previously associated with South India Viscose Limited, SIV Industries Limited and Engineers India Limited. During the Financial Year 2021, he was paid gross salary of ₹ 3.89 million.

**S Mathivanan** is the Vice President (operations) of our Company in charge of the operations at Karaikkal Facility. He has been associated with our Company since 2009. He holds a bachelor's degree in engineering (chemical) from Annamalai University. He has approximately 37 years of work experience and was previously associated with Durgapur Chemicals Limited, Indian Petrochemicals Corporation Limited and Chemfab Alkalies Limited. During the Financial Year 2021, he was paid gross salary of ₹ 3.21 million.

**Mohith Balakrishnan** is the Senior General Manager (human resources) of our Company. He has been associated with our Company since 2020. He holds a bachelors' degree in arts (sociology) and a master's degree in arts (social work) from the University of Madras. He has approximately 20 years of work experience and was previously associated with Bahwan International Group Holding LLC, Perlos Telecommunication & Electronic Components (India) Private Limited, Colgate Palmolive (India) Limited and Larsen & Toubro Limited. During the Financial Year 2021, he was paid gross salary of ₹ 2.82 million.

**M Chandrasekar** is the Chief Financial Officer of our Company. He has been associated with our Company since 1995. He holds a bachelors' degree in science from the University of Madras and a master's degree in business administration from The Open University. He is a fellow of the ICAI and a qualified cost accountant. He has approximately 26 years of work experience and was previously associated with Reliance Industries Limited. During the Financial Year 2021, he was paid gross salary of ₹ 4.62 million.

**M Raman** is the Company Secretary and Compliance Officer of our Company. He was associated with our Company from 2007 up to 2016. He holds a bachelors' degree in arts from the University of Madras and a bachelors' degree in general laws from Madurai Kamaraj University. He is also an associate of the ICSI. He has approximately 30 years of work experience and was conferred with the 'Long Service Award' for his service with the Sanmar group. During the Financial Year 2021(for February and March, 2021), he was paid gross salary of ₹ 0.88 million.

#### **Status of Key Managerial Personnel**

Except for N Krishnamoorthy, S Sayi Subramaniyan and N Palanisamy, who are the permanent employees of CCVL, all our other Key Managerial Personnel are permanent employees of our Company.

#### **Relationship between our Key Managerial Personnel and Directors**

None of our Key Managerial Personnel and Directors are related to each other.

### **Shareholding of Key Managerial Personnel**

Except for M Raman, who holds two equity shares as one of the nominees of Sanmar Holdings Limited in our Company, none of our Key Managerial Personnel hold any Equity Shares in our Company.

### **Bonus or Profit Sharing Plans of the Key Managerial Personnel**

None of our Key Managerial Personnel are party to any bonus or profit sharing plan of our Company.

### **Interests of Key Managerial Personnel**

Except as disclosed in “- *Interest of Directors*” on page 177, our Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel.

### **Changes in the Key Managerial Personnel**

Except as disclosed below and as disclosed in ‘- *Changes in the Board in the last three years*’ on page 178, there have been no changes in the Key Managerial Personnel in the last three years:

<b>Name</b>	<b>Designation</b>	<b>Date of change</b>	<b>Reason for change</b>
Satya Narayan Nayak	Company Secretary	May 15, 2020	Resigned as the company secretary
M Raman	Company Secretary	May 15, 2020	Appointed as the company secretary

Further, the attrition rate of Key Managerial Personnel of our Company is not high as compared to our peers.

### **Service Contracts with Directors and Key Managerial Personnel**

No officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

### **Contingent and deferred compensation payable to our Director and Key Managerial Personnel**

There is no contingent or deferred compensation accrued for Financial Year 2021 and payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

### **Payment or benefit to Key Managerial Personnel**

No non – salary amount or benefit has been paid or given to any of our Key Managerial Personnel within the two preceding years or is intended to be paid or given.

### **Employees Stock Options**

Our Company does not have any employee stock option scheme.

## OUR PROMOTER AND PROMOTER GROUP

### Our Promoter

The Promoter of our Company is Sanmar Holdings Limited (“SHL”). As on the date of this Prospectus, SHL holds 132,480,000 Equity Shares (including ten Equity Shares held by its nominees), representing 98.81% of the issued, subscribed and paid-up equity share capital of our Company.

### Details of SHL are as follows:

#### *Corporate Information and history*

SHL was incorporated on February 2, 1979 as a private company under the Companies Act 1956 in the name of ‘Sanmar Holdings Private Limited’. Subsequently, upon conversion into public company, its name was changed to Sanmar Holdings Limited on September 27, 1980. The registered office of SHL is located at office no 9, Cathedral Road, Chennai 600 086, Tamil Nadu. SHL is in the business of investment holding. There have been no changes to the activities undertaken by SHL.

#### *Board of directors of SHL*

As on the date of this Prospectus, the board of directors of SHL is as follows:

Name	Designation and Nature of Directorship
Vijay Sankar	Non – executive Director*
Amarnath Ananthanarayanan	Non – executive Director*
V. S. Ramesh	Non – executive Director*

\* Non- Independent Directors.

#### *Capital structure*

As on the date of this Prospectus, the authorised share capital of SHL is ₹ 73,238,000, comprising 82,380 equity shares of ₹ 100 each and 6,500,000 compulsorily convertible preference shares of ₹ 10 each, and the issued, subscribed and paid – up capital of SHL is ₹ 25,654,130, comprising 80,000 equity shares of ₹ 100 each and 1,765,413 compulsorily convertible preference shares of ₹10 each.

#### *Shareholding pattern of SHL*

SHL is a wholly owned subsidiary of Sanmar Engineering Services Limited (“SESL”), which is the promoter of SHL. The natural person behind SESL is N. Sankar.

#### *Board of Directors of SESL*

As on the date of this Prospectus, the board of directors of SESL is as follows:

Name	Designation and Nature of Directorship
Amarnath Ananthanarayanan	Non – executive Director
Lavanya Venkatesh	Non – executive Director
Chandran Ratnaswami	Non – executive Director
V.S. Ramesh	Non – executive Director

#### *Shareholding pattern of SESL, and relationship of N. Sankar with the shareholders of SESL*

### Shareholding pattern of SESL

Name of the shareholders	Total number of equity shares of ₹10 each	% of shareholding
Greenvalley Investments (Alpha) Limited <sup>(2)(3)</sup>	459,995	49.52
Barbourne Trading private Limited <sup>(1)</sup>	70,000	7.54
FIH Mauritius Investments Limited	398,853	42.94
Satya Narayan Nayak *	1	

P V Sriram *	1	0.00
K Venkatasubramanian *	1	
N Muralidharan *	1	
M Raman *	1	

\*Nominees of Greenvalley Investments (Alpha) Limited

<sup>(1)</sup>100% of equity shares of Barbourne Trading Private Limited are beneficially held by N Sankar.

<sup>(2)</sup>100% of equity shares of Greenvalley Investments (Alpha) Limited are beneficially held by SHL Research Foundation

<sup>(3)</sup>100% of equity shares of SHL Research Foundation are beneficially held by NS Family Consolidations Private Limited. 100% of equity shares of NS Family Consolidations Private Limited is held by NS Family Investments Private Limited. The equity shareholding pattern of NS Family Investments Private Limited is as follows:

Name of the shareholders	Total number of equity shares of Rs.10 each	Percentage (%)
Mr N Sankar	83,024	99.99
NS Family Consolidations Private Limited	8	0.01
<b>Total</b>	<b>83,032</b>	<b>100.00</b>

#### *Change in control of SHL*

There has been no change in control of SHL in the last three years preceding the date of this Prospectus. However, there has been a change in the promoter of SHL in the last three years, as stated below:

In terms of the Composite Scheme of Arrangement involving, amongst others, SESL and SHL Securities (Alpha) Limited (“**SHL Alpha**”), SHL Alpha, the holding company of SHL, was amalgamated with SESL, which was approved by way of an order dated April 26, 2019, passed by the NCLT, Chennai. This scheme was effective from April 1, 2018, pursuant to which, SESL became the direct holding company of SHL.

Our Company confirms that the permanent account number, bank account number, company registration number and address of the Registrar of Companies, where SHL is registered, have been submitted to the Stock Exchanges at the time of filing of this Prospectus.

#### *Experience of SHL*

SHL has adequate experience in the business activities undertaken by our Company.

SHL is not the original promoter of our Company. SHL became the promoter of our Company pursuant to acquisition of a stake in our Company. For further details, see “*Capital Structure - Details of Shareholding of our Promoter, members of the Promoter Group and directors of our Promoter in our Company*” on page 82.

#### **Interests of SHL**

##### *Interest of SHL in the promotion of our Company*

SHL is interested in our Company to the extent that it has promoted our Company, and to the extent of its shareholding in our Company, the dividends payable and any other distributions in respect of its shareholding in our Company. For further details, see “*Capital Structure - Details of Shareholding of our Promoter, members of the Promoter Group and directors of our Promoter in our Company*” on page 82.

##### *Interest of SHL in the property of our Company*

SHL has no interest, whether direct or indirect, in any property acquired by our Company within the preceding three years from the date of this Prospectus or proposed to be acquired by it as on the date of filing of this Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery etc.

##### *Interest of SHL in our Company arising out of being a member of a firm or company*

SHL is not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to SHL or to such firm or company in cash or shares or otherwise by any person either to induce such person to become, or qualify him as a director, or otherwise for services rendered by him or by such firm or company in connection

with the promotion or formation of our Company.

#### *Interest in our Company other than as a Promoter*

SHL is interested in our Company to the extent of the use of the tradename ‘S Sanmar’ and trade-mark “



”, by our Company. For further details, see “*History and Certain Corporate Matters – Other agreements*” on page 167.

#### **Payment or benefits to Promoter or Promoter Group**

Except as stated in “*Related Party Transactions*” on page 397, there have been no amounts paid or benefits paid or given by our Company to our Promoter or Promoter Group in the preceding two years nor is there any intention to pay any amount or provide any benefit to our Promoter or Promoter Group as on the date of this Prospectus.

#### **Disassociation by SHL in the last three years**

Except as stated below, SHL has not disassociated itself from any companies or firms during the preceding three years from the date of filing of this Prospectus.

Sr. No.	Name of the entity	Date of disassociation	Reason/ circumstances and terms of disassociation
1.	Mowbrays Corporate Finance	March 31, 2020	Ceased to be a partner*
2.	Sanmar Estates and Investments	March 17, 2020	Ceased to be a partner*

\*SHL modified its investment portfolio and accordingly disassociated from Mowbrays Corporate Finance and Sanmar Estates and Investments during March 2020.

#### **Guarantees**

Except as stated below, SHL has not given any material guarantee to any third party, in respect of the Equity Shares, as on the date of this Prospectus:

34,860,800 Equity Shares aggregating to 26% of the total pre-Offer share capital of our Company, held by our Promoter were pledged in favour of IDBI Trusteeship Services Limited to secure the NCDs, pursuant to the unattested deed of pledge dated December 20, 2019 entered between our Promoter, our Company and IDBI Trusteeship Services Limited (“**Pledge Deed**”). However, only in order to facilitate this Offer, IDBI Trusteeship Services Limited agreed to release the pledge over 34,860,800 Equity Shares. Accordingly, as on the date of this Prospectus, none of the Equity Shares held by our Promoters or Promoter Group are pledged. Further, an additional 33,520,000 Equity Shares, aggregating to 25% of the equity share capital of our Company, have been agreed to be pledged by SHL upon the occurrence of certain trigger events, as set out under the Pledge Deed, and a non-disposal undertaking dated December 20, 2019 has been entered into amongst our Company, SHL and IDBI Trusteeship Services Limited, pursuant to which SHL has agreed not to transfer or encumber these 33,520,000 Equity Shares.

#### **Promoter Group**

The entities that form a part of the Promoter Group of our Company in terms of the SEBI ICDR Regulations are set out below:

1. Sanmar Group International Limited;
2. Sanmar Overseas Investments AG;
3. TCI Sanmar Chemicals S.A.E; and
4. Sanmar Engineering Services Limited.

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term “group companies”, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies (other than the Promoter and Subsidiary) with which there were related party transactions during the periods covered in the Restated Consolidated Summary Statements, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

Further, the Board pursuant to the Materiality Policy, has determined that (other than the companies categorized under (i) above), a company shall be considered “material” and will be disclosed as a ‘Group Company’ if (i) it is a member of the Promoter Group (other than the Promoter) and has entered into one or more transactions with our Company during the period for which financial information is disclosed in the Offer Documents and the value of such transactions, individually or in the aggregate, exceed 10% of the consolidated turnover of our Company as per the latest fiscal year in the Restated Consolidated Summary Statements.

Based on the above, our Group Companies are set forth below:

1. Sanmar Engineering Services Limited;
2. Sanmar Group International Limited;
3. Sanmar Overseas Investments AG; and
4. TCI Sanmar Chemicals S.A.E

### Details of our Group Companies

#### 1. Sanmar Engineering Services Limited (“SESL”)

##### *Corporate Information*

SESL was incorporated on March 10, 1995 with the Registrar of Companies, Tamil Nadu at Chennai. The corporate identification number of SESL is U65993TN1995PLC030445.

##### *Nature of Activities*

SESL is engaged in the business of in – plant maintenance services, trading of engineering goods and holding investments.

##### *Financial Performance*

The financial information derived from the latest audited financial statements available on a standalone basis for the Fiscals 2020, 2019 and 2018 are set forth below:

*(figures in ₹ million except per share data)*

Particulars	Fiscal*		
	2020	2019	2018
Equity capital	9.29	7.57	7.57
Reserves (excluding revaluation reserve)	16,666.37	14,377.68	(8,982.91)
Sales	101.83	117.78	193.49
Profit/(Loss) after tax	(2,922.21)	(3,154.20)	(2591.49)
Earnings per share – Basic (face value of ₹ 10)	(3,630.08)	(4,165.92)	(3,422.72)
Earnings per share – Diluted (face value of ₹ 10)	(3,630.08)	(4,165.92)	(3,422.72)
Net asset value	16,675.65	14,385.25	(8,975.34)

\*Audited financials for Fiscal 2021 are not available as of the date of this Prospectus.

There are no significant notes (modifications / qualifications) by the auditors in relation to the above mentioned financial statements for the last three Fiscals.

##### *Shareholding pattern of SESL*

Name of the shareholders	Total number of equity shares held	% of shareholding
Greenvalley Investments (Alpha) Limited	459,995	49.52
Barbourne Trading private Limited	70,000	7.54
FIH Mauritius Investments Limited	398,853	42.94
Satya Narayan Nayak *	1	0.00
P V Sriram *	1	
K Venkatasubramanian *	1	
N Muralidharan *	1	
M Raman *	1	

\*Nominees of Greenvalley Investments (Alpha) Limited

## 2. Sanmar Group International Limited (“SGIL”)

SGIL was incorporated on March 28, 2002 at Chennai, India. The corporate identification number of SGIL is U24119TN2002PLC048677.

### Nature of Activities

SGIL is in the business of holding investments.

### Financial Performance

The financial information derived from the latest audited financial statements available on a standalone basis for the Fiscals 2020, 2019 and 2018 are set forth below:

(figures in ₹ million except per share data)

Particulars	Fiscal*		
	2020	2019	2018
Equity capital	5.20	5.20	5.20
Reserves	596.90	596.80	509.57
Sales	NIL	NIL	NIL
Profit/(Loss) after tax	0.10	87.23	(3.19)
Earnings per share – Basic (face value of ₹ 10)	0.2	167.75	(6.13)
Earnings per share – Diluted (face value of ₹ 10)	0.02	0.03	(6.13)
Net asset value	41,718.76	36,743.35	29,585.25

\*Audited financials for Fiscal 2021 are not available as of the date of this Prospectus.

### Note:

- (i) Equity capital does not include compulsorily convertible preference shares of ₹ 37,588.76 million and compulsory convertible debentures of ₹ 3,527.90 million as at March 31, 2020 (₹ 36,141.35 million and nil as at March 31, 2019, ₹ 29,070.48 million and Nil as at March 31, 2018)

Except as stated below, there are no significant notes (modifications / qualifications) by the auditors in relation to the above mentioned financial statements for the last three Fiscals:

### Financial year 2019 – 20:

Based on the evaluation and audit procedures performed, the auditors are of the opinion that there are factors which may indicate that uncertainty exists that may cast doubt on the subsidiary company’s ability to continue as a going concern. Their opinion is not modified in respect of this matter in view of the explanations given by the management.

### Shareholding pattern of SGIL

Name of the shareholders	Total number of equity shares held	% of shareholding
Sanmar Holdings Limited*	5,20,000	100.00

\*Including 6 Equity shares held by its nominees



### 3. Sanmar Overseas Investments AG (“Sanmar AG”)

#### Corporate Information

Sanmar AG was incorporated on November 2, 2006 at Sarnen, Switzerland.

#### Nature of Activities

Sanmar AG is in the business of holding investments and providing financial and management support to overseas ventures of SHL Chemicals Group.

#### Financial Performance

The financial information derived from the latest audited financial statements available on a standalone basis for the Fiscals 2020, 2019 and 2018 are set forth below:

(figures in ₹ million except per share data)

Particulars	Fiscal*		
	2020	2019	2018
Equity capital	78.47	69.64	68.03
Reserves	9,795.57	8,699.53	8,502.92
Sales	NIL	NIL	NIL
Profit/(Loss) after tax	(6.93)	(3.99)	(5.57)
Earnings per share – Basic (face value of CHF 100)	(693.36)	(399.16)	(556.60)
Earnings per share – Diluted (face value of CHF 100)	(693.36)	(399.16)	(556.60)
Net asset value	9,874.04	8,769.16	8,570.95

Note: Exchange rate used: FY 2020 1CHF = ₹ 78.465, FY 2019 1CHF = ₹ 69.636, FY 2018 1CHF = ₹ 68.031

\*Audited financials for Fiscal 2021 are not available as of the date of this Prospectus.

Except as stated below, there are no significant notes (modifications / qualifications) by the auditors in relation to the above mentioned financial statements for the last three Fiscals.

#### Financial year 2019 – 20:

The auditors have drawn attention to note on “Valuation of investments and financial assets” and “Going Concern” without qualifying their examination conclusion, regarding the situation of SANMAR OVERSEAS INVESTMENTS AG subsidiary, which describes a material uncertainty that may cast significant doubt about the ability to continue as a going concern and regarding the measurement of investments and financial assets as well as the underlying estimates, assumptions and expectations made by the Board of Directors. Should the company be unable to continue as a going concern, there is a serious concern of capital loss or over-indebtedness as per art 725 CO and the relevant provisions would have to be complied with.

#### Financial year 2018 – 19:

The auditors have drawn attention to note on “Valuation of investments and financial assets” and “Going Concern” without qualifying their examination conclusion regarding the situation of SANMAR OVERSEAS INVESTMENTS AG subsidiary in the notes to the financial statements, which describes a material uncertainty that may cast significant doubt about the ability to continue as a going concern and regarding the measurement of investments and financial assets as well as the underlying estimates, assumptions and expectations made by the Board of Directors. Should the company be unable to continue as a going concern, there is a serious concern of capital loss or over-indebtedness as per art 725 CO and the relevant provisions would have to be complied with. The auditors have drawn attention to the fact that the shareholders annual general meeting has not taken place within six months after the balance sheet date as required by article 699 para. 2. Swiss C.O

#### Financial year 2017 – 18:

The auditors have drawn attention to note on “Valuation of investments and financial assets” and “Going Concern” without qualifying their examination conclusion regarding the situation of SANMAR OVERSEAS INVESTMENTS AG subsidiary in the notes to the financial statements, which describes a material uncertainty

that may cast significant doubt about the ability to continue as a going concern and regarding the measurement of investments and financial assets as well as the underlying estimates, assumptions and expectations made by the Board of Directors. Should the company be unable to continue as a going concern, there is a serious concern of capital loss or over-indebtedness as per art 725 CO and the relevant provisions would have to be complied with.

#### Shareholding pattern of Sanmar AG

Name of the shareholders	Total number of equity shares held	% of shareholding
Sanmar Group International Limited	10,000	100.00

#### 4. TCI Sanmar Chemicals S.A.E (“TCI Sanmar”)

##### Corporate Information

TCI Sanmar was incorporated on July 24, 2001 at Port Said, Egypt.

TCI Sanmar was acquired in 2007 as a caustic plant. It currently has the capacity of 400 ktpa of suspension PVC, 275 ktpa of caustic soda and 130 ktpa of calcium chloride. The SHL Chemicals Group has infused around USD 746 million in connection with the acquisition / expansion / operational requirements (including debt servicing) of TCI Sanmar.

Further, our Promoter has provided guarantees of approximately USD 1,219.84 million and our Promoter Group Selling Shareholder along with our Promoter has provided letters of comfort of approximately USD 740.22 million, in connection with the outstanding debt availed by TCI Sanmar. Due to the impact of COVID – 19 on its business, TCI Sanmar has entered into a restructuring Agreement with its lenders in regard to its debt.

##### Nature of Activities

TCI Sanmar is in the business of manufacture and sale of suspension PVC resins, caustic soda, calcium chloride, chlorine and chlorine derivatives.

##### Financial Performance

The financial information derived from the latest audited financial statements available on a standalone basis for the Fiscals 2020, 2019 and 2018 are set forth below:

(figures in ₹ million except per share data)

Particulars	Fiscal*		
	2020	2019	2018
Equity capital	1,169.41	1,072.93	1,008.87
Amount paid under Capital Increase	19,061.94	17,489.25	16,445.00
Reserves (Excluding Revaluation Reserve)	(45,176.90)	(26,946.78)	(17,987.73)
Sales	19,500.57	15,292.77	12,372.31
Profit/(Loss) after tax	(15,806.97)	(7,729.97)	(2,680.90)
Earnings per share – Basic (face value of EGP 1,000)	(9,719.92)	(4,753.26)	(1,648.52)
Earnings per share – Diluted (face value of EGP 1,000)	(9,719.92)	(4,753.26)	(1,648.52)
Net asset value	(24,945.55)	(8,384.61)	(533.87)

\*Audited financials for Fiscal 2021 are not available as of the date of this Prospectus.

##### Notes:

- (i) Rates of conversion of USD to INR are taken as per the exchange rates included in the DRHP report for March 31, 2018 as 1USD=65.04INR, March 31, 2019 as 1USD=69.17INR and March 31, 2020 as 1USD=75.39INR;
- (ii) Number of shares for calculation of EPS includes equivalent number for shares for additional capital.

Except as stated below, there are no significant notes (modifications / qualifications) by the auditors in relation to the above mentioned financial statements for the last three Fiscals:

#### Financial year 2019-20

The auditors have drawn attention to a note in the financial statements without qualifying their opinion, regarding the company incurring a loss of USD 209,669,314 during the year ended 31 March 2020 and as of that date the company's current liabilities exceeded its current assets by USD 512,519,912 and its total liabilities exceeded its total assets by USD 330,886,719. These factors as set forth in the note, raise doubt that the company will be able to continue as a going concern. Total accumulated losses and losses for the year amounted to USD 602,891,531 as of March 31, 2020, which has exceeded total equity as of that date. According to the companies' law no 159 for the year 1981, and its amendments an extraordinary general assembly meeting should convene to decide on the continuity of the company as a going concern. The qualification on non recognition of mark to market on Interest Rate Swap contracts (IRS) does not appear from March 2020 audited accounts as the IRS contracts have expired on March 31, 2020.

#### Financial Year 2018-19

The company has entered into a number of interest swaps agreements to hedge its cash flows and to mitigate its exposure to interest rate risk. EAS No 26, "Financial Instruments Recognition and Measurement" requires recognition of the effective portion of the gain or loss on the hedging instrument that is determined to be an effective hedge in the other comprehensive income as a separate component of equity under "Cash Flow Hedge Reserve". The company has disclosed these transactions in its financial statements, however has not accounted for these transactions in its accounts. Had the company accounted for these transactions as of March 31, 2019 in accordance with EAS 26, a financial derivative liability of USD 1,828,972 should be recognized, and an expense in other comprehensive income and cash flow hedge reserve in equity should be recognized for the same amount, reduced by its related deferred tax asset amounting to USD 411,519. The qualification on capitalisation of Exchange loss does not appear from March 2019 audited accounts as the same has been reversed by TCI Sanmar.

The auditors have drawn attention to a note in the financial statements, without qualifying their opinion, regarding the company incurring a loss of USD 111,753,196 during the year ended 31 March 2019 and as of that date the company's current liabilities exceeded its current assets by USD 303,692,714 and its total liabilities exceeded its total assets by USD 121,217,405. These factors as set forth in the note, raise doubt that the company will be able to continue as a going concern. Total accumulated losses and losses for the year amounted to USD 393,222,217 as of March 31, 2019, which has exceeded total equity as of that date. According to the companies' law no 159 for the year 1981, and its amendments an extraordinary general assembly meeting should convene to decide on the continuity of the company as a going concern.

#### Financial Year 2017-18

The company has entered into a number of interest swaps agreements to hedge its cash flows and to mitigate its exposure to interest rate risk. EAS No 26, "Financial Instruments Recognition and Measurement" requires recognition of the effective portion of the gain or loss on the hedging instrument that is determined to be an effective hedge in the other comprehensive income as a separate component of equity under "Cash Flow Hedge Reserve". The company has disclosed these transactions in its financial statements, however has not accounted for these transactions in its accounts. Had the company accounted for these transactions as of March 31, 2018 in accordance with EAS 26, a financial derivative liability of USD 3,363,765 should be recognized, and an expense in other comprehensive income and cash flow hedge reserve in equity should be recognized for the same amount, reduced by its related deferred tax asset amounting to USD 756,847.

Included in Property, Plant and Equipment balance, an amount of USD 1,255,924 representing accumulated capitalised foreign exchange loss arising from the translation of the balance of the suppliers of property, plant and Equipment denominated in foreign currencies. This treatment is, in their opinion, not in accordance with Egyptian Accounting Standards (EAS) No 13 "The effects of changes in foreign exchange rates". Accordingly, the Property, Plant and Equipment balance as of 31 March 2018 should be decreased by an amount of USD 1,255,924, Depreciation of the period reduced by an amount of USD 101,654 and decrease in other operating income by USD 2,112,355 and increase in ending balance of accumulated losses by an amount of USD 1,255,924.

The auditors have drawn attention to a note in the financial statements without qualifying their opinion. The company incurred a loss of USD 41,219,181 during the year ended 31 March 2018 and as of that date the company's current liabilities exceeded its current assets by USD 196,292,253 and its total liabilities exceeded its total assets by USD 8,208,285. These factors as set forth in the note, raise doubt that the company will be

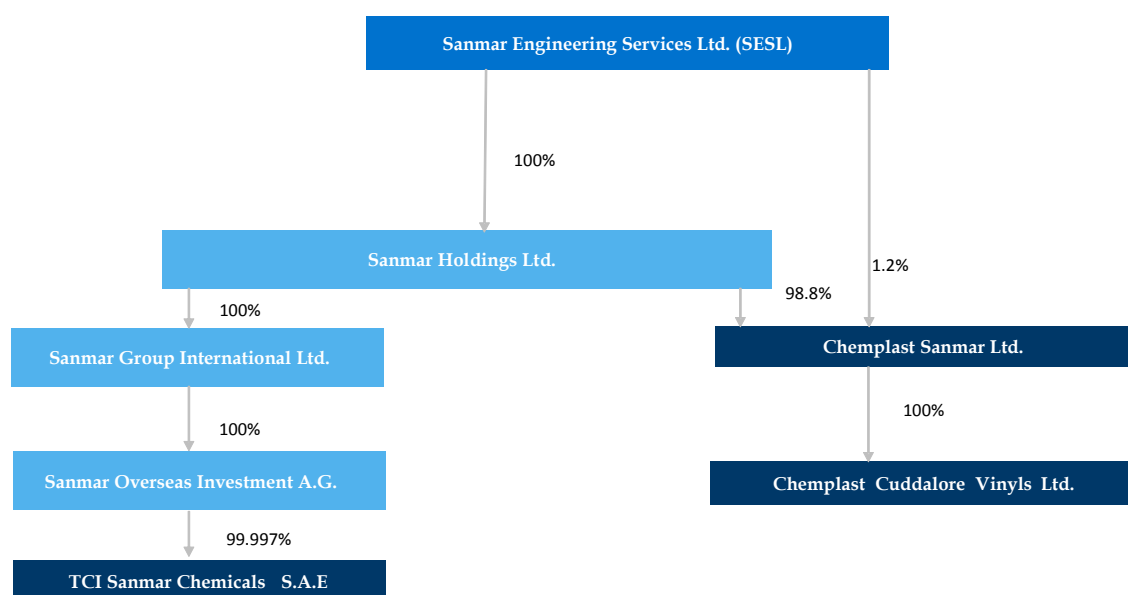
able to continue as a going concern. Total accumulated losses and losses for the year amounted to USD 280,213,097 as of March 31, 2018, which has exceeded half the equity as of that date. According to the companies' law no 159 for the year 1981, and its amendments an extraordinary general assembly meeting should convene to decide on the continuity of the company as a going concern.

#### Shareholding pattern of TCI Sanmar

Name of the shareholders	Total number of equity shares held	% of shareholding
Sanmar Overseas Investments AG	93,997	99.998
Chemplast Sanmar Ltd	2	0.002
Financiere De Dourthe Sa, Geneva (nominee of SOIAG)	1	0.001

#### Inter-relationship between the Group Companies and the Subsidiary

### SHL Chemicals Group structure



2 shares of TCI Sanmar Chemicals are held by Chemplast Sanmar Ltd.

#### Litigation

There are no pending litigations involving our Group Companies which has a material impact on our Company.

#### Group Companies which are sick industrial companies

Our Group Companies have not become a sick company under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

#### Group Companies under winding up/insolvency proceedings (including Pre-packaged Insolvency Resolution Process)

Our Group Companies are not under winding up/insolvency proceedings (including Pre-packaged Insolvency Resolution Process).

## Loss making Group Companies

Except for SGIL, all other Group Companies have incurred losses in the last audited Fiscal. Details of the losses made by our Group Companies in the immediately preceding Fiscals are set out below:

(figures in ₹ million except per share data)

Name of the Group Company	Profit/ (Loss) after Tax		
	2020	2019	2018
Sanmar Engineering Services Limited	(2,922.21)	(3,154.20)	(2591.49)
Sanmar Overseas Investments AG	(6.93)	(3.99)	(5.57)
TCI Sanmar Overseas S.A.E	(15,806.97)	(7,729.97)	(2,680.90)

## Nature and extent of interest of Group Companies

Our Group Companies do not have any interest in the promotion of our Company.

Our Group Companies are not interested in the properties acquired by our Company in the three preceding years or proposed to be acquired by our Company.

Our Group Companies are not interested in any transactions for acquisition of land, construction of building or supply of machinery, etc.

## Defunct Group Companies

During the five years preceding the date of the Draft Red Herring Prospectus, our Group Companies have not remained defunct and no application has been made to the relevant registrar of companies for striking off the name of our Group Companies.

## Common pursuits

SHL is the holding company of TCI Sanmar. Additionally, TCI Sanmar is in the same business as that of our Company and of our Subsidiary *i.e.* manufacturing of suspension PVC resin and caustic soda, respectively. However, it caters to markets in Egypt, Turkey, Italy and North Africa. Additionally, it also sells minimal quantities of suspension PVC resin in India, which is being handled by a separate team based in Egypt.

Except as stated above, there are no common pursuits amongst our other Group Companies and our Company.

## Related Business Transactions within the group and significance on the financial performance of our Company

Other than the transactions disclosed in the section “*Related Party Transactions*” on page 397, there are no other business transactions between our Company and Group Companies which are significant to the financial performance of our Company.

## Business interests or other interests

Except as disclosed in “*Related Party Transactions*” on page 397, our Group Companies do not have any business interest in our Company.

## Other Confirmations

Our Group Companies do not have any securities listed on a stock exchange. For further details, see “*Other Regulatory and Statutory Disclosures*” on page 456. Further, our Group Companies have not made any public or rights issue of securities in the three years preceding the date of this Prospectus.

Further, neither have any of the securities of our Company nor of our Group Companies have been refused listing by any stock exchange in India or abroad, nor has our Company or our Group Companies failed to meet the listing requirements of any stock exchange in India or abroad during the ten preceding years.

## **DIVIDEND POLICY**

As on the date of this Prospectus, our Company does not have a formal dividend policy. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable law, including the Companies Act.

The quantum of dividend, if any, and our ability to pay dividends will depend on a number of factors, including, but not limited to, our Company's profits, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends. We may retain all our future earnings, if any, for use in the operations and expansion of our business.

Our Company has not declared any dividend on the Equity Shares of our Company in Fiscals 2019, 2020 and 2021 and until the date of this Prospectus. However, this is not necessarily indicative of any dividend declaration or the quantum of any our dividend, in the future. See, "*Risk Factors – Our ability to pay dividends in the future will depend upon our earnings, financial condition, cash flows and capital requirements*" on page 52.

## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

<b>S. No.</b>	<b>Financial Statements</b>
1.	Restated Consolidated Summary Statements for Fiscals 2021, 2020 and 2019
2.	CCVL Standalone Financial Statements for Fiscal 2021
3.	CCVL Standalone Financial Statements for Fiscal 2020
4.	CCVL Standalone Financial Statements for Fiscal 2019

**Independent Auditors' Examination Report on the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2021, 2020, and 2019 and Restated Consolidated Summary Statements of Profit and Loss (including Other Comprehensive Income), and Restated Summary Cash Flows and Restated Summary Statement of Changes in Equity for the years ended March 31, 2021, 2020 and 2019, the consolidated summary statement of significant accounting policies, and other explanatory information of Chemplast Sanmar Limited (collectively, the "Restated Consolidated Summary Statements")**

The Board of Directors,  
Chemplast Sanmar Limited  
9, Cathedral Road, Chennai 600 086  
Tamil Nadu, India

Dear Sirs /Madams,

1. We, S.R. Batliboi & Associates LLP ("we". "us" or "SRBA") have examined the attached Restated Consolidated Summary Statements of Chemplast Sanmar Limited (the "Company"), its subsidiary, joint venture and its associate as at March 31, 2021, 2020 and 2019 and for the years ended March 31, 2021, 2020 and 2019, annexed to this report and prepared by the Company for the purpose of inclusion in the Red Herring Prospectus ("RHP") and Prospectus (collectively referred to as "Offer Documents"), in connection with its proposed Initial Public Offer of equity shares of face value of Rs.5 each and offer for sale by the selling shareholders of the Company ("Proposed IPO"). The Restated Consolidated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:
  - a) Section 26 of Part I of Chapter III of The Companies Act, 2013 (the "Act");
  - b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (the "ICDR Regulations"); and
  - c) The Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note")

**Management's Responsibility for the Restated Consolidated Summary Statements**

2. The preparation of Restated Consolidated Summary Statements, which are to be included in the Offer Documents, is the responsibility of the Board of Directors of the Company, for the purpose set out in paragraph 13 below. The Restated Consolidated Summary Statements have been prepared by the Board of Directors of the Company on the basis of preparation stated in paragraph 2 of Annexure 6 to the Restated Consolidated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act and the ICDR Regulations and the Guidance Note. The Board of Directors of the subsidiary, associate and Partners of the joint venture (as applicable) are also responsible for identifying and ensuring that the subsidiary, associate / joint venture complies with the Act, ICDR Regulations and the Guidance Note, as may be applicable.



## **Auditors' Responsibilities**

3. We have examined such Restated Consolidated Summary Statements taking into consideration:
  - a) the terms of reference and our engagement agreed with you vide our engagement letter dated [●], requesting us to carry out work on such Restated Consolidated Summary Statements, proposed to be included in the Offer Documents of the Company in connection with the Company's Proposed IPO;
  - b) the Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Summary Statement; and
  - d) the requirements of Section 26 of the Act and applicable provisions of the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Proposed IPO.

## **Restated Consolidated Summary Statements as per audited financial statements**

4. The Restated Consolidated Summary Statements have been compiled by the management from the audited consolidated financial statements of the Company, its subsidiary, and its associate as at and for the years ended March 31, 2021, 2020 and 2019, and in respect of joint venture, from audited consolidated financial statements as at and for the period ended December 15, 2020, being the period up to which the joint venture was consolidated and as at and for the years ended March 31, 2020 and 2019, which were prepared in accordance with the Indian Accounting Standards as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (referred to as "Ind AS"), which have been approved by the Board of Directors at their meetings held on July 16, 2021, April 26, 2021 and April 26, 2021, respectively.
5. For the purpose of our examination, we have relied on Independent Auditor's Reports issued by us dated July 16, 2021, April 26, 2021 and April 26, 2021 on the consolidated financial statements of the Company as at and for the years ended March 31, 2021, 2020 and 2019, respectively, as referred in Paragraph 4 above.
6. As indicated in our audit reports referred in paragraph 4, the audited consolidated financial statements also include the Company's share of net loss / profit for the years ended March 31, 2021, 2020 and 2019 respectively, as considered in the audited consolidated financial statements, in respect of one joint venture (Mowbrays Corporate Finance), whose financial statements, other financial information have been audited by other auditor (the "MCF Auditor") and whose reports have been furnished to us by the Management.

Further, the audited consolidated financial statements also include the Company's share of net loss for the year ended March 31, 2021, and 2020 respectively, as considered in the audited consolidated financial statements, in respect of one associate (Sanmar Group International Limited), whose financial statements, other financial information have been audited by other auditor (the "SGIL Auditor") and whose reports have been furnished to us by the Management. (The MCF Auditor and the SGIL Auditor are together referred to as "Other Auditors")

Our opinion on the audited consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint venture and associate, is based solely on the report(s) of such Other Auditors:

Particulars	For the year ended March 31, 2021 (in Rs Mn)	For the year ended March 31, 2020 (in Rs Mn)	For the year ended March 31, 2019 (in Rs Mn)
Share of Loss from associate	(2636.53)	(49.05)	N.A
Share of loss from joint venture	(699.12)*	(607.49)	(354.22)
<b>Total share of loss from associate / joint venture</b>	<b>(3,335.65)</b>	<b>(656.54)</b>	<b>(352.22)</b>

\*for the period till December 15, 2021, being the period up to which the joint venture was consolidated.

The Other Auditors as mentioned above, have examined the restated financial information of the associate and joint venture included in these Restated Consolidated Summary Statements and have confirmed that the restated financial information of the Components:

- (i) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020, and March 31, 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed for the year ended March 31, 2021
- (ii) does not contain any qualifications requiring adjustments; and
- (iii) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, the ICDR Regulations and the Guidance Note, and according to the information and explanations given to us and also as per the reliance placed on the examination reports of Components submitted by the Other Auditor for the respective years, we report that:

- a) The restated Consolidated Summary Statement of Profit and Loss of the Company for the years ended March 31, 2021, 2020 and 2019 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regroupings / reclassifications more fully described in Annexure 5 - "Statement of Material Adjustments and Regrouping" included in the Restated Consolidated Summary Statements (Restated Summary Statement of Material Adjustments and Regroupings) is in our opinion were appropriate.
- b) The Restated Consolidated Summary Statement of assets and liabilities of the Company as at March 31, 2021, 2020 and 2019 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regroupings / reclassifications more fully described in Annexure 5 – "Statement of Material Adjustments and Regrouping" included in the Restated Consolidated Summary Statements (Restated Consolidated Summary Statement of Material Adjustments and Regroupings) is in our opinion were appropriate
- c) The Restated Consolidated Summary Statement of Cash Flows of the Company for years ended March 31, 2021, 2020 and 2019 examined by us, as set out in Annexure 3 to this report, have been prepared at after making adjustments and regroupings / reclassifications more fully described in Annexure 5 - "Statement of Material Adjustments and Regrouping" included in the Restated Consolidated Summary Statements (Restated Summary Statement of Material Adjustments and Regroupings) is in our opinion were appropriate.
- d) The Restated Consolidated Summary Statement of Changes in Equity of the Company for the years ended March 31, 2021, 2020 and 2019 examined by us, as set out in Annexure 4 to this report, have been prepared at after making adjustments and regroupings / reclassifications as more fully described in Annexure 5 – "Statement of Material Adjustments and Regrouping" included in the Restated Consolidated Summary Statements (Restated Consolidated Summary Statement of Material Adjustments and Regroupings) is in our opinion were appropriate.
- e) Based on the above and according to the information and explanations given to us, we further report that:

- i) The Restated Consolidated Summary Statements have been made after incorporating adjustments for the changes in accounting policies, any material errors, as more fully described in Annexure 5 – “Statement of Material Adjustments and Regrouping” included in the Restated Consolidated Summary Statements (Restated Consolidated Summary Statement of Material Adjustments and Regroupings), retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.
- ii) Restated Consolidated Summary Statements have been made after incorporating adjustments and regroupings for the material amounts in the respective financial periods / years to which they relate, as more fully described in Annexure 5 – “Statement of Material Adjustments and Regrouping” included in the Restated Consolidated Summary Statements (Restated Consolidated Summary Statement of Material Adjustments and Regroupings);
- iii) There are no qualifications in the auditors’ reports on the audited financial statements of the Company as at and for the years ended March 31, 2021, 2020 and 2019; and
- iv) Emphasis of matter paragraphs included in the auditors’ report on the financial statements as at and for the years ended March 31, 2021, 2020 and 2019, which does not require any corrective adjustment in the Restated Consolidated Summary Statements, are as follows:

Emphasis of Matter - March 31, 2021

We draw attention to Note – 2.4 in the accompanying consolidated financial statements which describes the management’s assessment of continuing uncertainties caused due to Covid-19 pandemic, and its consequential impact on the Group’s operations and carrying value of its assets as at March 31, 2021. Our opinion is not modified in respect of the above matter.

Emphasis of Matter - March 31, 2020

We draw attention to the matter stated in note no 2.1 to the accompanying financial statement which describes the impact of COVID-19 pandemic, and its consequential impact on the Company’s operations and carrying value of its assets. Our opinion is not modified in respect of this matter.

Emphasis of Matter – March 31, 2019

We draw attention to Note 1.2.2. to the Ind-AS Financial Statements which describes a Composite Scheme of Arrangement involving inter alia the Company and the related accounting treatment in respect of a demerger and a common control business combination in accordance with the certified order of the National Company Law Tribunal dated April 26, 2019 approving the same with effect from an appointed date of April 1, 2018. Our opinion is not modified in respect of this matter.

- v) Restated Consolidated Summary Statements have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. The audit report on the consolidated financial statements as at and for the year ended March 31, 2021 have the following “Other Matters” paragraphs:

As at and for the year ended March 31, 2021

The comparative information for the year ended March 31, 2020 included in the Consolidated Ind AS Financial Statements is not audited and have been furnished to us by the management of the Company. Our opinion above on the consolidated financial statements, is not modified in respect of the above matter.

9. Based on examination report dated July 16, 2021 provided to us by Other Auditors,
- (a) the audit reports on the respective consolidated financial statements issued by the Other Auditors included the following emphasis of matter paragraphs:

In reports of SGIL Auditor

Emphasis of Matter - March 31, 2021

We draw attention to the matter stated in note no 2.3 to the accompanying financial statement which describes the uncertainties and the impact of COVID-19 pandemic, and its consequential impact on the Group's (SGIL and its Subsidiaries) operations and carrying value of its assets. Our opinion is not modified in respect of this matter. Our opinion is not modified in respect of this matter.

Material uncertainty relating to going concern – March 31, 2021

We draw attention to Note 33 to the financial statements, and the factors set forth therein, which may indicate that material uncertainty exists that may cast significant doubt on the Group's (SGIL and its Subsidiaries) ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter - March 31, 2020

We draw attention to the matter stated in note no 2.3 to the accompanying financial statement which describes the uncertainties and the impact of COVID-19 pandemic, and its consequential impact on the Group's (SGIL and its Subsidiaries) operations and carrying value of its assets. . Our opinion is not modified in respect of this matter. Our opinion is not modified in respect of this matter.

Material uncertainty relating to going concern – March 31, 2020

We draw attention to Note 36 to the financial statements, and the factors set forth therein, which may indicate that material uncertainty exists that may cast significant doubt on the Group's (SGIL and its Subsidiaries) ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Material uncertainty relating to going concern – March 31, 2019

We draw attention to Note 36 to the financial statements, and the factors set forth therein, which may indicate that material uncertainty exists that may cast significant doubt on the Group's (SGIL and its Subsidiaries) ability to continue as a going concern. Our opinion is not modified in respect of this matter.

- (b) the audit reports on the respective consolidated financial statements issued by the Other Auditors included the following other matters:

In reports of MCF Auditor

In report for the period ended December 15, 2020 (being the period up to which the joint venture was consolidated)

The Consolidated Financial Statements also include the Company's share of net loss of Rs. 15273.98 lakhs (including share of other comprehensive income) for the period ended December 15, 2020 , as considered in the consolidated Financial Statements, in respect of its one associate (Sanmar Group International Limited), whose financial statements, other financial information

have been audited by other auditors and whose reports have been furnished to us by the Management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of associate, is based solely on the reports of such other auditors

Our opinion above on the consolidated financial statements, is not modified in respect of the above matters.

In report for the year ended March 31, 2020

The Consolidated Financial Statements also include the Firm's share of net loss of Rs. 36,926.04 lakhs (including share of other comprehensive income) for the year ended March 31, 2020, as considered in the consolidated Financial Statements, in respect of one associate (Sanmar Group International Limited), whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of associate, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, is not modified in respect of the above matters.

In report for the year ended March 31, 2019

The Consolidated Financial Statements also include the Firm's share of net loss of Rs. 13,655.92 lakhs (including share of other comprehensive income) for the year ended March 31, 2019, as considered in the consolidated Financial Statements, in respect of one associate (Sanmar Group International Limited), whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of associate, is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, is not modified in respect of the above matters.

10. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2021. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2021.
11. The Restated Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated financial statements mentioned in paragraph 4 above.
12. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for use of the management for inclusion in the Offer Document to be filed with Registrar of Companies Tamil Nadu at Chennai, SEBI, BSE Limited, and National Stock Exchange of India Limited in connection with the Proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W / E300004

**-Sd-**

**Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAAEH3550

Place of Signature: Chennai

Date: July 16, 2021

**Chemplast Sanmar Limited**
**Annexure 1 : Restated consolidated summary statement of profit and loss**

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

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue</b>				
Revenue from operations	4	37,987.26	12,576.57	12,543.39
Other income	5	163.82	78.53	124.35
<b>Total Income</b>		<b>38,151.08</b>	<b>12,655.10</b>	<b>12,667.74</b>
<b>Expenses</b>				
Cost of materials consumed	6	20,657.61	4,365.24	4,081.53
Purchase of traded goods	6	310.78	-	-
Changes in inventories of finished goods, traded goods and work-in-progress	7	262.83	(151.48)	(80.07)
Employees' benefit expense	8	1,135.83	828.06	777.96
Other expenses	9	6,005.59	4,411.54	4,553.60
Depreciation expense	10 & 10.1	1,309.83	873.61	563.76
Finance costs	11	4,333.62	954.57	482.75
<b>Total Expenses</b>		<b>34,016.09</b>	<b>11,281.54</b>	<b>10,379.53</b>
Restated Profit before tax, exceptional items and share of Restated Profit / (Loss) from Joint Venture and associate		<b>4,134.99</b>	<b>1,373.56</b>	<b>2,288.21</b>
Share of Restated Profit / (Loss) from Joint Venture and Associate	38	(3,315.91)	(656.54)	(354.22)
Profit on sale/redemption of investments in Joint Venture and Associate		4,809.67	-	-
<b>Restated Profit before tax and exceptional items</b>		<b>5,628.75</b>	<b>717.02</b>	<b>1,933.99</b>
Exceptional items	45	(156.84)	-	-
<b>Restated Profit before tax</b>		<b>5,471.91</b>	<b>717.02</b>	<b>1,933.99</b>
<b>Tax expense:</b>				
Current Tax	12	(811.70)	(298.81)	(521.99)
Income Tax relating to earlier years		35.14	(1.12)	2.83
Deferred Tax		(592.91)	44.16	(230.19)
<b>Restated Profit after tax</b>		<b>4,102.44</b>	<b>461.25</b>	<b>1,184.64</b>
<b>Restated consolidated summary statement of other comprehensive income (OCI)</b>				
Items that will not be reclassified to Profit or Loss in subsequent years	13			
- Remeasurement of Defined Benefit Plans		6.81	(11.56)	5.61
- Revaluation of property, plant and equipment	10	-	-	14,943.76
- Share of OCI from Joint Venture	38	-	(25.05)	-
- Profit / (Loss) on sale/redemption of investments in Joint Venture		(104.93)	-	-
- Deferred tax on the above items		34.45	12.79	(4,063.12)
- Adjustment of deferred tax liability relating to assets revalued due to change in tax rates		29.82	-	-
Items that may be reclassified to profit or loss in subsequent years	38			
- Share of OCI from Joint Venture and Associate		(267.60)	99.77	48.24
- Deferred tax on the above items		79.16	(34.87)	(16.86)
<b>Restated Total Other Comprehensive Income</b>		<b>(222.29)</b>	<b>41.08</b>	<b>10,917.63</b>
<b>Restated Total Comprehensive Income</b>		<b>3,880.15</b>	<b>502.33</b>	<b>12,102.27</b>
<b>Restated Basic and Diluted Earnings per share (equity shares, par value Rs 5/- each)</b>	14	<b>30.60</b>	<b>2.04</b>	<b>4.53</b>

Statement on Significant Accounting Policies and other explanatory information are an integral part of this Restated Consolidated Summary Statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

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

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**Amarnath**
**Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

**Chemplast Sanmar Limited**  
**Annexure 2 : Restated consolidated summary statement of assets and liabilities**  
(All amounts are in Indian Rupees in Millions unless otherwise stated)

Particulars	Note	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	31,325.75	21,563.20	20,871.10
Capital work-in-progress		250.81	83.76	1,172.35
Right-of-use assets	10.1	149.16	179.00	208.84
Investments in Joint Venture and Associate	15	-	14,574.95	-
Financial Assets				
(i) Investments	15	0.44	0.44	0.44
(ii) Other Financial Assets	16	242.88	151.79	163.34
Other non-current assets	17	101.51	77.59	63.10
Non-Current tax assets		43.31	18.24	182.05
		<b>32,113.86</b>	<b>36,648.97</b>	<b>22,661.22</b>
<b>Current assets</b>				
Inventories	18	4,070.90	1,818.29	2,003.22
Investments in Joint Venture	19	-	-	11,587.48
Financial Assets				
(i) Trade Receivables	20	739.27	481.95	668.99
(ii) Cash and cash equivalents	21	3,034.88	753.45	488.47
(iii) Derivative Assets	34	-	74.45	-
(iv) Other Bank balances	22	3,477.70	373.69	33.96
(v) Other Financial Assets	23	892.23	808.29	288.93
Other current assets	24	333.18	116.31	283.36
		<b>12,548.16</b>	<b>4,426.43</b>	<b>15,354.41</b>
Assets classified as held for sale	10.2	198.91	-	-
		<b>12,747.07</b>	<b>4,426.43</b>	<b>15,354.41</b>
<b>Total assets</b>		<b>44,860.93</b>	<b>41,075.40</b>	<b>38,015.63</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	25	670.40	670.40	670.40
Instruments entirely equity in nature	26	343.20	-	6,375.00
Other Equity	27	(4,511.28)	18,454.77	17,952.44
Total Equity		<b>(3,497.68)</b>	<b>19,125.17</b>	<b>24,997.84</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings	28	20,245.49	12,066.76	393.45
(ii) Other Financial Liabilities	29	758.79	704.69	784.82
Deferred Tax Liabilities (Net)	30	7,198.54	4,845.26	4,867.34
Other non-current liabilities	31	173.63	55.67	51.64
		<b>28,376.45</b>	<b>17,672.38</b>	<b>6,097.25</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Borrowings	32	-	477.38	1,533.81
(ii) Trade Payables	33			
- Total outstanding dues of micro enterprises and small enterprises		67.69	21.97	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		16,493.77	2,137.58	2,197.32
(iii) Derivative liabilities	34	156.50	-	121.27
(iv) Other financial liabilities	35	2,469.30	1,191.35	1,504.62
Other current liabilities	36	402.11	228.04	1,091.60
Current Tax Liabilities		392.79	221.53	471.92
		<b>19,982.16</b>	<b>4,277.85</b>	<b>6,920.54</b>
Total liabilities		<b>48,358.61</b>	<b>21,950.23</b>	<b>13,017.79</b>
<b>Total equity and liabilities</b>		<b>44,860.93</b>	<b>41,075.40</b>	<b>38,015.63</b>

Statement on Significant Accounting Policies and other explanatory information are an integral part of this Restated Consolidated Summary Statements.

As per our report of even date

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

-sd-

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

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

-sd-

**Ramkumar Shankar**  
Managing Director  
DIN : 00018391

-sd-

**Amarnath**  
**Ananthanarayanan**  
Director  
DIN : 02928105

-sd-

**M Chandrasekar**  
Chief Financial Officer

-sd-

**M Raman**  
Company Secretary  
Memb No. ACS 06248



**Chemplast Sanmar Limited**

**Annexure 3 : Restated consolidated summary statement of cash flows**

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>RESTATED PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	5,628.75	717.02	1,933.99
Adjustments for:			
Depreciation	1,309.83	873.61	563.76
Interest and finance charges	4,333.62	954.57	482.75
(Profit) / Loss on sale of Property, Plant & Equipment (net)	2.74	4.51	(0.92)
Provision no longer required written back	(29.16)	(12.87)	(4.20)
Fair value change in Investment	6.00	-	-
Distribution of profit received from partnership firm	-	(17.23)	(92.58)
Interest Income	(123.12)	(16.19)	(4.41)
Difference in fair value of derivative instruments	686.40	(195.71)	127.76
Unrealised (gain) / loss of foreign exchange transactions (net)	730.87	202.36	(75.79)
Share of (Profit) / Loss from Associate and Joint Venture	3,315.91	656.54	354.22
Profit on sale/redemption of investments in Joint Venture and Associate	(4,809.67)	-	-
Amortization of government grant	(5.81)	-	-
Exceptional Item	(156.84)	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>10,889.52</b>	<b>3,166.61</b>	<b>3,284.58</b>
Adjustments for changes in:			
Trade and other receivables	(391.37)	(154.72)	(71.86)
Inventories	(872.40)	184.93	(634.37)
Trade and other payables	1,743.60	(1,149.69)	315.49
<b>CASH GENERATED FROM OPERATIONS</b>	<b>11,369.35</b>	<b>2,047.13</b>	<b>2,893.84</b>
Income taxes paid (net)	(605.45)	(386.51)	(551.72)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>10,763.90</b>	<b>1,660.62</b>	<b>2,342.12</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Redemption of investments / (investments made) in Joint Venture (net)	10,734.63	1,252.66	(2,610.62)
Redemption of investments / (investments made) compulsorily convertible preference shares in associate	16,821.95	(4,821.95)	-
Purchase of Property, Plant & Equipment	(553.93)	(503.51)	(600.22)
Margin Deposits (placed with)/withdrawn from banks (net)	(2,600.71)	(339.73)	4.03
Distribution of profit received from partnership firm	-	17.23	92.58
Interest received	108.58	16.92	4.41
Investments made in equity shares of subsidiary	(3,003.45)	-	-
Proceeds from sale of Property, Plant & Equipment	8.80	1.66	0.92
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b>	<b>21,515.87</b>	<b>(4,376.72)</b>	<b>(3,108.90)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from non-convertible debentures	-	12,700.00	-
Proceeds from Long term borrowings	2,000.00	-	-
Repayment of long-term borrowings / non-convertible debentures	(2,544.30)	(991.92)	(581.01)
Proceeds / (Repayment) from short-term borrowings (net)	(1,127.49)	(1,085.55)	1,041.31
Redemption of instruments entirely equity in nature consequent to change in terms	(24,553.35)	(6,375.00)	-
Payment of lease liability	(45.60)	(44.98)	(21.96)
Interest and finance charges paid	(3,895.81)	(1,221.47)	(471.35)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(30,166.55)</b>	<b>2,981.08</b>	<b>(33.01)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,113.22</b>	<b>264.98</b>	<b>(799.79)</b>
Cash and cash equivalents at the beginning of the year	753.45	488.47	1,532.35
Cash and cash equivalents taken over/ (transferred) pursuant to scheme of arrangement (net) (Note	-	-	(244.09)
Cash and cash equivalents taken over pursuant to acquisition of subsidiary (Note 1.1 and 47)	168.21	-	-
Cash and cash equivalents at the end of the year	<b>3034.88</b>	<b>753.45</b>	<b>488.47</b>

Statement on Significant Accounting Policies and other explanatory information are an integral part of this Restated Consolidated Summary Statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**Amarnath**

**Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

**Chemplast Sanmar Limited**

**Annexure 4 : Restated consolidated summary statement of changes in equity**

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

Particulars	Equity Share Capital	Instruments entirely equity in nature	Other Equity								
			Reserves and Surplus					Share of Associate and Joint Venture	Asset Revaluation Reserve	Total	
			Capital Reserve	Securities premium	Capital Redemption Reserve	Debenture Redemption Reserve	Retained earnings				General reserve
<b>Balance at April 01, 2018</b>	<b>800.00</b>	-	-	<b>1,266.71</b>	<b>371.29</b>	-	<b>2,722.71</b>	<b>207.57</b>	<b>82.27</b>	-	<b>4,650.55</b>
Adjustments pursuant to the Scheme of Arrangement (Refer Note 1.2)	(129.60)	6,375.00	796.90	-	20.51	-	382.21	-	-	-	1,199.62
Restated Profit for the year	-	-	-	-	-	-	1,184.64	-	-	-	1,184.64
Restated Other Comprehensive Income	-	-	-	-	-	-	3.67	-	31.38	10,882.58	10,917.63
<b>Balance at March 31, 2019</b>	<b>670.40</b>	<b>6375.00</b>	<b>796.90</b>	<b>1266.71</b>	<b>391.80</b>	-	<b>4293.23</b>	<b>207.57</b>	<b>113.65</b>	<b>10882.58</b>	<b>17952.44</b>
Restated Profit for the year	-	-	-	-	-	-	461.25	-	-	-	461.25
Depreciation on revalued assets	-	-	-	-	-	-	217.66	-	-	(217.66)	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	1,270.00	(1,270.00)	-	-	-	-
Redemption consequent to change in terms of the instrument	-	(6,375.00)	-	-	-	-	-	-	-	-	-
Restated Other Comprehensive Income	-	-	-	-	-	-	(7.52)	-	48.60	-	41.08
<b>Balance at March 31, 2020</b>	<b>670.40</b>	-	<b>796.90</b>	<b>1,266.71</b>	<b>391.80</b>	<b>1,270.00</b>	<b>3,694.62</b>	<b>207.57</b>	<b>162.25</b>	<b>10,664.92</b>	<b>18,454.77</b>
Adjustments pursuant to acquisition of a subsidiary (Refer 1.1 and Note 47)	-	24,896.55	(33,104.09)	-	0.71	-	1,366.56	-	14.19	4,876.43	(26,846.20)
Restated Profit for the year	-	-	-	-	-	-	4,102.44	-	-	-	4,102.44
Depreciation on revalued assets	-	-	-	-	-	-	412.10	-	-	(412.10)	-
Profit / Loss on sale/redemption of investments in Joint Venture and Associate	-	-	-	-	-	-	(80.26)	-	80.26	-	-
Repayment of instruments entirely equity in nature upon change in terms	-	(24,553.35)	-	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Reserve	-	-	-	-	-	(31.75)	-	31.75	-	-	-
Restated Other Comprehensive Income	-	-	-	-	-	-	4.59	-	(256.70)	29.82	(222.29)
<b>Balance at March 31, 2021</b>	<b>670.40</b>	<b>343.20</b>	<b>(32,307.19)</b>	<b>1,266.71</b>	<b>392.51</b>	<b>1,238.25</b>	<b>9,500.05</b>	<b>239.32</b>	-	<b>15,159.07</b>	<b>(4,511.28)</b>

Statement on Significant Accounting Policies and other explanatory information are an integral part of this Restated Consolidated Summary Statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**Amarnath Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

-sd-

**M Chandrasekar**

Chief Financial Officer

**Chemplast Sanmar Limited**  
**Annexure 5 : Statement of Material Adjustments and Regroupings**

**Annexure 5 : Statement on Material Adjustments and Regroupings**

Chemplast Sanmar Limited ("the Holding Company" "CSL") is a public limited company incorporated and domiciled in Chennai and is into the production and sale of speciality chemicals. As approved by the Board of Directors, the Holding Company has acquired on March 31, 2021 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. The Holding Company and the Subsidiary Company together are called as "The Group".

The Restated Consolidated Summary Statement of Assets and Liabilities of the Group, its Joint Venture and its Associates as at March 31, 2019, March 31, 2020 and March 31, 2021, the related Restated consolidated summary statement of Profit and Loss, Restated consolidated summary statement of cash flows and Restated consolidated summary statement of changes in equity for the year ended March 31, 2019, March 31, 2020 and March 31, 2021, are collectively referred to as the "Restated Consolidated Summary Statements".

**1. Material Adjustments**

The accounting policies applied for the years ended March 31, 2020 and March 31, 2019 are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2021. The Restated Consolidated Summary Statements have been prepared based on the respective audited Historical Consolidated Financial Statements for the year ended March 31, 2019, March 31, 2020 and March 31, 2021.

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Profit after tax (as per historical audited consolidated financial statements)</b>	<b>4100.85</b>	<b>460.04</b>	<b>1189.00</b>
<b><u>Restatement adjustments</u></b>			
<b>Impact of Ind AS 116</b>			
(Increase)/decrease in total expenses			
Depreciation of right-of-use assets	1.03	0.56	(14.92)
Finance cost on lease liability	-	(0.37)	(12.81)
Other expenses	-	-	21.96
<b>Impact of Share of Profit / (Loss) from Joint Venture and Associate</b>			
Share of Profit / (Loss) from associate and Joint Venture	19.74	1.67	(0.94)
Profit on sale/redemption of investments in Joint Venture and Associate	(18.62)	-	-
Tax adjustments	(0.56)	(0.65)	2.35
<b>Restated profit after tax</b>	<b>4102.44</b>	<b>461.25</b>	<b>1184.64</b>

**Chemplast Sanmar Limited**  
**Annexure 5 : Statement of Material Adjustments and Regroupings**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Other Comprehensive Income (as per historical audited consolidated financial statements)</b>	<b>(220.82)</b>	<b>40.54</b>	<b>10918.00</b>
<b><u>Restatement adjustments</u></b>			
<b>Impact of Share of OCI from Joint Venture and Associate pertaing to items that may be reclassified to profit or loss in subsequent periods</b>			
Share of Profit / (Loss) from associate and Joint Venture	(1.90)	0.84	(0.57)
Tax adjustments	0.43	(0.30)	0.20
<b>Restated Total Other Comprehensive Income</b>	<b>(222.29)</b>	<b>41.08</b>	<b>10917.63</b>

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Other Equity (as per historical audited consolidated financial statements)</b>	<b>(4,508.51)</b>	<b>18458.02</b>	<b>17957.43</b>
Restatement adjustments	(2.77)	(3.25)	(5.00)
<b>Other Equity (as per restated consolidated summary statements)</b>	<b>(4511.28)</b>	<b>18454.77</b>	<b>17952.43</b>

**Impact of Ind-AS 116: Leases**

As per para C8 of Appendix C to Ind AS 116, if a lessee elects to apply this Standard in accordance with paragraph C5(b), the lessee shall:

(a) recognise a lease liability at the date of initial application for leases previously classified as an operating lease applying Ind AS 17. The lessee shall measure that lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

(b) recognise a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying Ind AS 17. The lessee shall choose, on a lease-by-lease basis, to measure that right-of-use asset at either:

(i) its carrying amount as if the Standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application; or Ind AS 116, Leases

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

For the purpose of preparation of Restated Consolidated Summary Statement, management has evaluated the impact of change in accounting policies on adoption of Ind AS 116 for the year ended March 31, 2019. Hence in these Restated Consolidated Summary Statements, Ind AS 116 has been adopted with effect from April 01, 2018 following modified retrospective method (i.e. on April 01, 2018 the Company, its joint venture and its associate has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and a right-of-use asset at an amount equal to the lease liability). Impact of adoption of Ind AS 116 has been adjusted in the respective years for the purpose of restatement.

## **Chemplast Sanmar Limited**

### **Annexure 5 : Statement of Material Adjustments and Regroupings**

**Accounting for taxes on income** - Deferred tax has been recognised on temporary difference arising on recognition and measurement of right-of-use asset and lease liability and also on change in share of profit / loss from joint venture and associate on account of impact of Ind AS 116.

**The reconciling items with respect to share of profit / (loss) from associate and joint venture in Statement of profit and loss and OCI is due to the aforesaid restatement adjustments.**

The reconciling items in other equity represents impact on account of the aforesaid adjustments.

**Change in method of accounting of PPE from cost to revaluation model** - The change in accounting from cost model to revaluation model is not restated in this restated consolidated summary statement as retrospective application of revaluation model is prohibited in the accounting standard Ind AS 16. Further, basis the Guidance Note on reporting on Prospectuses issued by ICAI, changes in accounting policy where retrospective application is prohibited should not be restated.

#### **2. Non adjusting items:**

##### **Emphasis of matter paragraph in auditor's report**

Restated Consolidated Summary Statements does not contain any qualifications requiring adjustments, however, the auditor's reports for the year ended March 31, 2021 and for the year ended March 31, 2020 includes an emphasis of matter on impact of COVID 19 on operations of the Group.

##### As at and for the year ended March 31, 2021

Emphasis of matter relating to the impact of COVID-19 pandemic, and its consequential impact on the Group's operations and carrying value of assets. Auditors' opinion is not modified in respect of this matter.

##### As at and for the year ended March 31, 2020

Emphasis of matter relating to the impact of COVID-19 pandemic, and its consequential impact on the Holding Company's operations and carrying value of assets. Auditors' opinion is not modified in respect of this matter.

##### As at and for the year ended March 31, 2019

Emphasis of matter relating to accounting treatment on a Composite Scheme of Arrangement involving inter alia the Holding Company in respect of a common control business combination. Auditor's opinion is not modified in respect of this matter.

#### **3. Material regroupings**

Appropriate regrouping/reclassifications have been made in the Restated Consolidated Summary Statements in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2019 (as amended), in respect of the corresponding items of assets, liabilities, income, expenses, and cash flows in order to align them with the groupings as per the audited consolidated financial statements of the Group, its Associate and Joint Venture as at the year ended March 31, 2021.

#### **4. Material errors**

There are no material errors that require any adjustment in the Restated Consolidated Summary Statements.

## **Chemplast Sanmar Limited**

### **Annexure 6 : Significant accounting policies forming part of Restated Consolidated Summary Statements**

#### **1. Corporate Information and background**

Chemplast Sanmar Limited ("The Holding Company" "CSL") is a public limited company incorporated and domiciled in Chennai and is into the manufacture and sale of speciality chemicals. The registered office is located at Cathedral Road, Chennai. As of March 31, 2021, Sanmar Holdings Limited owns majority of Chemplast Sanmar Limited's equity share capital and has the ability to control its operating and financial policies. As approved by the Board of Directors, the Holding Company has acquired on March 31, 2021, 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. The Holding Company and the Subsidiary Company together are called as "The Group".

##### **1.1. Acquisition of Chemplast Cuddalore Vinyls Limited:**

Pursuant to approval by the Board of Directors and shareholders of the Holding Company and that of Chemplast Cuddalore Vinyls Limited (CCVL), the Holding Company as at March 31, 2021 acquired 100% of the Equity Share Capital of CCVL amounting to Rs. 3,030.30 million from Sanmar Engineering Services Limited. The Holding Company also invested in zero coupon compulsorily convertible debentures aggregating to Rs 12,553.35 million in CCVL.

Consequent to the acquisition of the equity shares by the holding company, CCVL became a wholly owned subsidiary. The holding company has restated the comparative periods presented in its historical consolidated financial statements in accordance with Appendix C to Ind AS 103 insofar it relates to common control business combination. The restated financial statement, as stated in the basis of preparation paragraph is compiled based on the underlying historical financial statements. Accordingly, the effect of the said acquisition is reflected in the restated financial statements from April 1, 2020 and the impact of restatement in the comparative period in the underlying historical financial statements is disclosed as an adjustment to the opening reserves as at April 1, 2020.

Consequent to the acquisition of CCVL in financial year ended March 31, 2021, the financial numbers of the financial years in these restated consolidated summary statements for the years ended March 31, 2020 and March 31, 2019 are not comparable.

##### **1.2. Scheme of Arrangement**

The Holding Company had pursuant to a composite Scheme of Arrangement ("the Scheme"), with effect from April 1, 2018, being the Appointed Date, demerged its commodity segment division (business of manufacture of sale of Suspension PVC) which was transferred to and vested with Chemplast Cuddalore Vinyls Limited (the "Resulting Company") and amalgamated another Sanmar group company being Sanmar Speciality Chemicals Limited (the "Transferor Company").

The Scheme of Arrangement with regard to the Demerger and Amalgamation was effective from the Appointed Date i.e. 1st April 2018 but operative from the Effective Date i.e. 20th May 2019 and 22nd May 2019 for the Demerger and Amalgamation respectively, being the date of filing of a certified copy of the Order of NCLT by the Demerged Company and the Resulting with the Registrar of Companies, Tamil Nadu, Chennai.

As part of the purchase consideration relating to the aforesaid Scheme,

(i) Equity Share Capital of the Resulting Company:

The Resulting Company had issued and allotted 250 Fully Paid-up Equity Shares of Rs.10 each for every 66 Fully Paid-up Equity Shares of Rs.10 each of the Holding Company held by the Shareholders of the Holding Company as at the record date other than the Transferor Company.

(ii) Equity Share Capital of the Holding Company:

(a) Equity Share Capital of Rs. 792 Million of The Holding Company as on the Appointed Date stands cancelled and adjusted to Capital Reserve;

(b) The Holding Company has issued and allotted 72 Fully Paid-up Equity Shares of Rs.10 each for every 25 Fully Paid-up Equity Shares of Rs.10 each of the Transferor Company held by the Shareholders as at the record date of the Transferor Company.

In this regard, the Holding Company has recognised a capital reserve of Rs.796.90 million as at the Appointed Date.

##### **1.2.1 Capital Reserve**

i) Merger of Transferor Company into the Company: The difference of Rs. 4,412.52 Million being the net assets transferred to the Company as reduced by Reserves recorded in the Company and as reduced by the share capital issued pursuant to the scheme and after giving effect to inter-company balances shall be adjusted to the Capital Reserve of the Company.

ii) Demerger of Suspension PVC Undertaking: The difference of Rs.5,209.42 Million being the excess of Carrying value of assets over liabilities of the Demerged Undertaking shall be adjusted to the Capital Reserve of the Company.

## **2. Basis of Preparation**

The Restated Consolidated Summary Statements have been compiled by the management from the historical audited consolidated financial statements of each of the years ended March 31, 2021, March 31, 2020, March 31, 2019 comprising the Balance Sheet, Statement of Profit & Loss, Statement of Cash flows and Statement of changes in equity (together, the "Historical Audited Consolidated Financial Statements"). The accounting policies have been consistently applied by the Group in the preparation of the Restated Consolidated Summary Statements and are consistent with those adopted in the preparation of the historical audited consolidated financial statements for the year ended March 31, 2021.

Restated Consolidated Summary Statements have been prepared for inclusion in the Red Herring Prospectus ("RHP") / Prospectus (together referred as "Offer Document") to be filed by the Holding Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed initial public offer of equity shares of Rs. 5 each of the Holding Company and offer for sale by the selling shareholders of the Group (collectively, the "Offering"). The Restated Consolidated Summary Statements, which have been approved by the Board of Directors of the Holding Company, have in all material respects been prepared in all material respects in accordance with the requirements of:

- a. Sub-section (1) of Section 26 of Chapter III of the Companies Act 2013 (the "Act") and
- b. Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
- c. The Guidance Note on Report in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (referred to as the Guidance Note).

The Historical Audited Consolidated Financial Statements were prepared by the Group, its Associate and Joint Venture in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules 2015, Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.

The Historical Audited Consolidated Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

- a. derivative financial instruments
- b. investment in unquoted equity shares
- c. Property, Plant and equipment under revaluation model

The Restated Consolidated Summary Statements are presented in Indian Rupees which is also functional currency of the Group, its Joint Venture and its Associates and all values are rounded to the nearest millions, except when otherwise indicated.

The restated consolidated summary statements were authorised for issue in accordance with a resolution of the directors on July 16, 2021.

### **2.1 Basis of Consolidation**

The Restated Consolidated Summary Statements comprise the Historical Audited Consolidated Financial Statements of the Group, its Joint Venture and its Associates as at March 31, 2019, March 31, 2020 and March 31, 2021. Control is evidenced when the Group, its Joint Venture and its Associates 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, its Joint Venture and its Associates has less than a majority of the voting or similar rights of an investee, the Group, its Joint Venture and its Associates considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group, its Joint Venture and its Associates' voting rights and potential voting rights
- The size of the Group, its Joint Venture and its Associates' holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group, its Joint Venture and its Associates re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a

## Chemplast Sanmar Limited

### Annexure 6 : Significant accounting policies forming part of Restated Consolidated Summary Statements

subsidiary begins when the Group, its Joint Venture and its Associates obtains control over the subsidiary and ceases when the Group, its Joint Venture and its Associates loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group, its Joint Venture and its Associates gains control until the date the Group, its Subsidiary, its Joint Venture and its Associates ceases to control the subsidiary.

Historical Audited Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group, its Subsidiary, its Joint Venture and its Associates uses accounting policies other than those adopted in the Historical Audited Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group, its Joint Venture and its Associates' financial statements in preparing the restated consolidated Ind AS financial statements to ensure conformity with the Group's accounting policies., except in case of associates or Joint Ventures, considering practicality.

The Historical Audited Consolidated Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding Company.

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. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intra-entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group, its Joint Venture and its Associates (profits or losses resulting from intra-entity transactions that are recognised in assets, such as fixed assets, are eliminated in full). Intra-entity 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-entity transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders 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-entity assets, liabilities, equity, income, expenses and cash flows relating to transactions between the Group, its Joint Venture and its Associates 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 profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the Group, its Joint Venture and its Associates 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, its Joint Venture and its Associates had directly disposed of the related assets or liabilities.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.



### **Investments in Associate and Joint Venture**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Company, its Joint Venture and its Associates, unless in case of an associate, it is impracticable to do so.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Chemplast Sanmar Limited**  
**Annexure 6 : Significant accounting policies forming part of Restated Consolidated Summary Statements**

**Particulars of consolidation**

The Financial Statements of the following Associate/Joint Venture have been considered for consolidation:

Name of the Company	Percentage of voting Power as on		
	March 31, 2021	March 31, 2020	March 31, 2019
Chemplast Cuddalore Vinyls Limited (CCVL)	100%	-	-
Sanmar Group International Limited (Associate of CSL)	-	12.83%	-
Mowbrays Corporate Finance (MCF) (Joint Venture of CSL)	-	Equal share between 7 partners during the year ended March 31,2020	Equal share between 6 partners during the year ended March 31,2019
Sanmar Group International Limited (SGIL) (Associate of MCF)	-	28.55%*	39.10%*

\*Also refer note 38(A), 38(B) and 47

\*represents holding % of MCF in SGIL.

**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 outbreak of Coronavirus pandemic from March'2020 has resulted in significant hardships in economic activities in the country including the Group's business too. The Government enforced lockdown from time to time has caused impact on the operations of the Group including stoppage of production, supply chain disruption etc., In addition, there is also significant volatility in prices of the petrochemical products, primarily driven steep reduction in global crude oil prices as well as lack of demand in the market.

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

considering the current indicators of future economic conditions relevant to the Group's operations (wherever applicable), management expects to recover the carrying value of these assets.

The impact of Covid-19 may differ from that estimated as at the date of approval of the Historical Audited Consolidated Financial Statements.

**2.4 Appropriateness of the Going Concern Assumption in the preparation of the financial statements:**

During the year ended March 31, 2021, the Group has made Restated Profit / (Loss) before tax, exceptional items and share of Restated Profit / (Loss) from Joint Venture and associate and tax of Rs. 4,134.99 million (Restated Profit / (Loss) before tax, exceptional items and share of Restated Profit / (Loss) from Joint Venture and associate and tax of Rs. 1,373.56 million for the year ended March 31, 2020) . The management expects the demand for the Group's products to continue in similar manner in the foreseeable future thereby reaching the estimated volume for Fiscal 2022 and considering the overall deficit in the PVC capacity in India, is confident that the Group would be able to operate its plant at optimal capacity to generate profitable operations for Fiscal 2022.

The Group also has a net current liability position of Rs.7,235.09 million as at March 31, 2021 (net current asset position of Rs. 148.58 million as at March 31, 2020) primarily facilitated by the extended credit terms offered by its key suppliers of inputs.

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

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

**3 Significant Accounting Policies**

**3.1 Business combination under common control**

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

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

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred. Also refer note 47.

**3.2 Foreign currency transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing as on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currency are converted at year / period-end rates. Exchange differences arising on settlement / conversion are adjusted in the Restated Consolidated Summary Statement of Profit and Loss.

**3.3 Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group has an established control framework with respect to the measurement of fair values. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are 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.

For the purpose of fair value disclosures, the Group has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Disclosures for valuation methods, significant estimates and assumptions (Note 51)
- ▶ Quantitative disclosures of fair value measurement hierarchy (Note 37.10)
- ▶ Investment in unquoted equity shares (Note 15).

### **3.4 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are 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 statement of profit and loss.

### **3.4.1 Financial Assets**

#### **i. Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### **ii. Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified as:

- a. Debt instruments at amortised cost;
- b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);

#### **a. Debt instruments at amortised cost;**

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 37.2.1."

#### **b. Financial assets at FVTPL**

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

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the 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 the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 37.10.

#### **3.4.1.1 Impairment of financial assets**

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

- Financial assets that are debt instruments, and are measured at 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 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 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) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

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

#### **3.4.1.2 Derecognition of financial assets**

The Group 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 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 profit or loss.

#### **3.4.2 Financial liabilities and equity instruments**

##### **3.4.2.1 Classification as debt or equity**

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

##### **3.4.2.2 Equity instruments**

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

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

##### **3.4.2.3 Convertible debt instruments**

Convertible debt instruments are separated into liability and equity components based on the terms of the contract. On issuance of the convertible debt instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at 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".

##### **3.4.2.4 Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

###### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Loans and borrowings:**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in 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.

**3.4.2.5 Financial Guarantees**

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

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

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

**3.4.2.6 Financial liabilities at FVTPL**

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in statement of profit and 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 37.10.

**3.4.2.7 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.

**3.4.3 Offsetting of financial instruments:**

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

**3.4.4 Effective interest method**

The effective interest method is a method of calculating the 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.

**3.4.5 Derivative financial instruments**

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Derivatives are initially 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 statement of profit and loss immediately.

### 3.5 Property, plant and equipment

#### 3.5.1.1 Recognition and measurement

Property, Plant & Equipment are initially recognised at cost.

Property, plant and equipment were valued at cost model net of accumulated depreciation until March 31, 2019. Cost includes purchase price, including duties and non-refundable taxes, costs that are directly relatable in bringing the assets to the present condition and location. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

On March 31, 2019, the Group had elected to change the method of accounting for land, buildings and plant and equipment classified as property, plant and equipment, as the Group 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 Group 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.

The change in accounting from cost model to revaluation model is not restated in this restated consolidated summary statement as retrospective application of revaluation model is prohibited in the accounting standard Ind AS 16. Further, basis the Guidance Note on reporting on Prospectuses issued by ICAI, changes in accounting policy where retrospective application is prohibited should not be restated.

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 and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The gross carrying amount was restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Apart from the above, the 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.

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 in years		
	March 31, 2021	March 31, 2020	March 31, 2019
Buildings	20-60	20-60	30
Plant and equipment	1- 65	1- 65	1 – 25
Vehicles	3 - 13	3 – 6	3 – 6
Computers and peripherals	3	3	3
Office equipments	3 - 5	3 – 5	3 – 5
Furniture and fixtures	5	5	5



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

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

### **3.6 Non-Current Assets Held for Sale**

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

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

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Balance sheet.

### **3.7 Inventories**

Inventories are valued at lower of cost and net 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 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.

### **3.8 Retirement and Employees benefits**

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

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

#### **Provident Fund / Employee State Insurance:**

This is a defined contribution plan and contributions made to the fund are charged to Statement of Profit and Loss. 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 make annual contributions to gratuity funds administered by Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

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

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

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

#### **Termination benefits**

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

### **3.9 Revenue recognition**

Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Goods and Service Tax (GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### **Contract Balances:**

##### **Contract assets**

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

Trade receivables

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

##### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is 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.

##### **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 rebates.

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

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

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

##### **Service Income**

Income from services rendered is recognised at a point in time based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

##### **Share of income from partnership firm**

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

##### **Interest income**

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

### **3.10 Leases**

Group as a lessor:

A lease is classified at the inception date as a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee.

Group as a lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **i) Right-of-use assets**

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

### **3.11 Taxes**

#### **Income Tax**

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the respective reporting dates.

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

#### **Deferred tax**

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

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

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

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

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

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

Current tax / deferred tax relating to items recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax / deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Minimum Alternate Tax (MAT)**

MAT paid in a year is charged to the statement of profit and loss as current tax for the year. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as a deferred tax asset if there is convincing evidence that the 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 judgement in identifying uncertainties over income tax treatments. Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions. The Group has determined, that it is probable that its tax treatments will be accepted by the taxation authorities.

#### **3.12 Cash and cash equivalents**

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

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

#### **3.13 Provisions and contingencies**

Provisions are 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.

### **3.14 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 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 Intangible assets**

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

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

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

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

### **3.16 Borrowing costs:**

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

### **3.17 Impairment of non-financial assets:**

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for

subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

**3.18 Earnings per share**

Basic earnings per share is 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 are adjusted for the effects of all dilutive potential equity shares.

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**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note : 4</b>			
<b>Revenue from operations</b>			
<b>(i) Revenue from contract with customers*</b>			
Revenue from the sale of goods	37,676.91	12,494.57	12,451.91
Revenue from the sale of traded goods	248.67	-	-
Revenue from the rendering of services	0.39	1.52	-
Leasing income	1.28	20.39	19.26
<b>(ii) Other operating revenue</b>			
Revenue from sale of scrap	31.43	31.12	35.78
Revenue from export incentives	28.58	28.97	36.44
	<u>37,987.26</u>	<u>12,576.57</u>	<u>12,543.39</u>

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

Revenue as per Contracted Price	38,597.01	12,579.99	12,534.34
<i>Adjustments towards:</i>			
Volume Rebates	246.98	17.16	17.99
Price concessions	339.32	34.69	37.38
Special discounts	83.46	11.66	7.80
Revenue as per statement of profit and loss	<u>37,927.25</u>	<u>12,516.48</u>	<u>12,471.17</u>

**Contract Balances**

**Particulars**

Trade Receivables (contract assets)	739.27	481.95	668.99
Advance from customers (contract liabilities)	200.65	75.46	45.67
Revenue recognised from opening contract liabilities#	378.63	45.67	179.21
Revenue recognised from contracts with customers (including other operating revenue)			
- Outside India	1,765.55	1,213.73	882.53
- Within India	36,221.71	11,362.84	11,660.86

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

# Also includes revenue recognised from opening contract liabilities of subsidiary company for the year ended March 31, 2021

**Note : 5**

**Other income**

Distribution of profit received from partnership firm	-	17.23	92.58
Gain on disposal of property, plant and equipment (net)	-	-	0.92
Provisions no longer required written back	29.16	12.87	4.20
Amortization of government grant	5.81	-	-
Recovery of bad debts	-	0.11	-
Customs duty refund	-	-	0.17
Interest Income on financial assets at amortised cost	123.12	16.19	4.41
Difference in foreign exchange (net) ^	-	-	0.88
Miscellaneous income	5.73	32.13	21.19
	<u>163.82</u>	<u>78.53</u>	<u>124.35</u>

^ includes net of fair value gain on derivative instruments at FVTPL of Rs.0.02 Millions - March 31, 2019

**Note : 6**

**(a) Cost of materials consumed**

Inventories of materials at the beginning of the year	1,095.75	1,451.53	2,288.85
Inventories of materials taken over/ (transferred) pursuant to scheme of arrangement (Note 1.2)	-	-	(1,512.20)
Inventories of materials taken over pursuant to acquisition of subsidiary (Refer Note 1.1 and 47)	810.26	-	-
Add: Purchases	21,698.85	4,009.46	4,756.41
Less: Inventories of materials at the end of the year	2,947.25	1,095.75	1,451.53
	<u>20,657.61</u>	<u>4,365.24</u>	<u>4,081.53</u>
<b>(b) Purchase of traded goods</b>	<u>310.78</u>	<u>-</u>	<u>-</u>
	<u>310.78</u>	<u>-</u>	<u>-</u>

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note : 7</b>			
<b>Changes in inventories of finished goods, work in progress and traded goods</b>			
Inventories at the beginning of the year			
Work in progress	39.42	28.76	32.17
Finished goods	279.89	139.07	144.58
Inventories taken over/ (transferred) pursuant to scheme of arrangement (Note 1.2)			
Work in progress	-	-	(1.20)
Finished goods	-	-	(87.79)
Inventories of materials taken over pursuant to acquisition of subsidiary (Refer Note 1.1 and 47)			
Work in progress	15.02	-	-
Finished goods	370.49	-	-
	<u>704.82</u>	<u>167.83</u>	<u>87.76</u>
Inventories at the end of the year			
Work in progress	110.29	39.42	28.76
Finished goods	217.74	279.89	139.07
Traded goods	113.96	-	-
	<u>441.99</u>	<u>319.31</u>	<u>167.83</u>
	<u><b>262.83</b></u>	<u><b>(151.48)</b></u>	<u><b>(80.07)</b></u>

**Note : 8**

**Employees' benefit expense**

Salaries and wages	1,050.26	768.76	721.29
Contribution to provident and other funds	47.28	32.40	31.27
Gratuity Expense (Also refer note 49)	17.17	10.66	10.64
Staff welfare expenses	21.12	16.24	14.76
	<u><b>1,135.83</b></u>	<u><b>828.06</b></u>	<u><b>777.96</b></u>

**Note : 9**

**Other expenses**

Power and fuel	2,995.33	2,877.89	3,285.71
Stores consumed	627.83	206.95	201.84
Commission on sales	86.13	10.29	13.66
Rent	4.83	1.05	17.74
Insurance	133.24	79.95	27.29
Rates and taxes	50.79	44.01	36.92
Repairs and maintenance			
- Machinery	337.59	282.13	254.67
- Building	54.23	88.98	73.91
- Others	95.59	70.68	53.46
Freight and handling	280.41	179.54	171.62
Difference in foreign exchange (net) *	548.60	58.03	63.52
Outside processing expenses	53.32	56.85	42.68
Operation & Maintenance expenses	153.69	50.92	51.56
Legal and professional fees	118.70	123.51	39.28
Payment to auditor <sup>^</sup>	9.32	6.58	3.34
Miscellaneous expenses (Also Refer Note 46)	455.99	274.18	216.40
	<u><b>6,005.59</b></u>	<u><b>4,411.54</b></u>	<u><b>4,553.60</b></u>

\*Net of fair value loss on derivative instruments at FVTPL of Rs.686.40 millions (March 31, 2020 - Gain Rs.195.71 millions; March 31, 2019 - Loss Rs. 127.78 millions)

<sup>^</sup> Payment to auditor

For Statutory Audit	6.66	4.84	2.69
For Tax Audit	1.07	0.58	0.42
For Limited Review	1.13	0.78	0.20
For Certification Services	0.32	0.25	-
For Other Services	0.10	0.05	-
For Reimbursement of Expenses	0.04	0.08	0.03
	<u><b>9.32</b></u>	<u><b>6.58</b></u>	<u><b>3.34</b></u>



**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note : 11</b>			
<b>Finance costs</b>			
Interest on bank overdrafts and loans	3,756.37	841.01	368.65
Other finance costs	572.94	100.79	110.42
Bank charges	4.31	12.77	3.68
	<u>4,333.62</u>	<u>954.57</u>	<u>482.75</u>
<b>Note: 12</b>			
<b>Income tax expenses</b>			
<u>Current Tax:</u>			
Current Income tax charge	(811.70)	(298.81)	(521.99)
Adjustments in respect of current income tax of prior years	35.14	(1.12)	2.83
<u>Deferred tax:</u>			
Relating to origination and reversal of temporary differences	(592.91)	44.16	(230.19)
Income tax expense reported in statement of profit and loss	<u>(1,369.47)</u>	<u>(255.77)</u>	<u>(749.35)</u>
<u>Other comprehensive income (OCI):</u>			
<u>Items that will not be reclassified to Profit or Loss in subsequent years</u>			
Net loss/(gain) on remeasurements of defined benefit obligations	(2.22)	4.04	(1.94)
Net loss/(gain) on recognition of deferred tax on revaluation of PPE	-	-	(4,061.18)
Share of OCI from Joint Venture and Associate	-	8.75	-
Profit / (Loss) on sale/redemption of investments of Joint Venture	36.67	-	-
Adjustment of deferred tax liability relating to assets revalued on change in tax rates	-	-	-
<u>Items that may be reclassified to Profit or Loss in subsequent years</u>			
Share of OCI from Joint Venture and Associate	79.16	(34.87)	(16.86)
<b>Income tax charged to OCI</b>	<u>113.61</u>	<u>(22.08)</u>	<u>(4,079.98)</u>
<b>Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2021, March 31, 2020 and March 31, 2019.</b>			

The tax on the Group's restated profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India 34.944% (March 31, 2020 & March 31, 2019: 34.944%) as follows:

Accounting profit before tax	5,471.91	717.02	1,933.99
Restated Profit before Income tax multiplied by standard rate of corporate tax in India are as follows:	(1,912.10)	(250.55)	(675.82)
Effects of:			
Availment of unrecognised MAT credit	174.77	-	-
Ineligible expenses	(29.89)	(26.08)	-
Distribution of share of Profit received from Partnership firm	-	6.02	32.35
Effect of change in substantively enacted tax rates on deferred tax	4.40	-	(16.77)
Adjustments in respect to current income tax of previous years	21.68	(1.12)	2.83
Leashold land rent charges claimable under Income Tax	(13.30)	-	-
Effect of different tax rate applicable to subsidiary	377.55	-	-
Impact of Government grant being recognised on below-par loan from Government	1.46	-	-
Others	5.96	15.96	(91.94)
<b>Net effective Income tax</b>	<u>(1,369.47)</u>	<u>(255.77)</u>	<u>(749.35)</u>

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note 13</b>			
<b>Components of Other Comprehensive Income (OCI)</b>			
The disaggregation of changes to OCI by each type of reserve in equity is shown below:			
<b>Retained Earnings</b>			
Re-measurement gains/(losses) on defined benefit obligations	4.59	(7.52)	3.67
<b>Share of Associate and Joint Venture</b>			
Profit / (Loss) on sale/redemption of investments in Joint Venture that will not be reclassified to Profit or Loss in subsequent years	(68.26)	-	-
Share of OCI from Joint Venture that will not be reclassified to Profit or Loss in subsequent years	-	(16.30)	-
Share of OCI from Joint Venture and Associate that may be reclassified to Profit or Loss in subsequent years	(188.44)	64.90	31.38
<b>Revaluation Surplus</b>			
Revaluation of property, plant and equipment	29.82	-	10,882.58
<b>Total</b>	<u><u>(222.29)</u></u>	<u><u>41.08</u></u>	<u><u>10,917.63</u></u>

**Note 14**

**Restated Earnings per share [EPS]:**

Restated Basic EPS is calculated by dividing the restated profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Restated Diluted EPS is calculated by dividing the restated profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Pursuant to sub-division of shares, Earnings Per Share (EPS) in respect of years reported herein have been adjusted as per Ind AS 33 - "Earnings Per Share", prescribed under Section 133 of the Companies Act, 2013. Also refer Note 25.

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

**Restated Earnings per share :**

Restated Profit after tax	4102.44	461.25	1184.64
Restated Earnings used in the calculation of earnings per share	4102.44	461.25	1184.64
Weighted average number of Equity shares of Rs.5/- each (Rs.10/- each for March 31, 2020 and March 31, 2019) for Restated Basic & Diluted EPS	134,080,000	112,849,426	130,790,000

**Restated Basic and diluted earnings per share\***

Restated Basic earnings per share	30.60	4.09	9.06
Restated Diluted earnings per share	30.60	4.09	9.06

**Restated Earnings per share after considering sub-division of shares**

Restated Profit after tax	4102.44	461.25	1184.64
Restated Earnings used in the calculation of earnings per share	4102.44	461.25	1184.64
Weighted average number of Equity shares for Restated Basic & Diluted EPS	134,080,000	112,849,426	130,790,000
Effect of share split (on account of change in face value of share from Rs.10/- each to Rs.5/- each)	-	112,849,426	130,790,000
<b>Weighted average number of Equity shares for Restated Basic &amp; Diluted EPS</b>	134,080,000	225,698,852	261,580,000

**Restated Basic and diluted earnings per share**

Restated Basic earnings per share	30.60	2.04	4.53
Restated Diluted earnings per share	30.60	2.04	4.53

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 10**

**Property, plant and equipment**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Helicopter	Total
<b>Cost or valuation</b>									
Balance as at April 1, 2018	889.39	66.71	991.47	9,280.22	20.42	15.81	41.84	282.45	11,588.31
Adjustments on April 1, 2018*	(532.82)	(66.71)	(159.88)	(3,533.48)	(8.03)	(3.17)	(6.43)	-	(4,310.52)
Additions	0.01	-	11.28	206.25	5.18	1.50	3.72	-	227.94
Disposals	-	-	0.21	39.32	0.22	0.76	1.84	-	42.35
Adjustments towards revaluation@@	9,965.43	-	873.71	2,836.63	-	-	-	-	13,675.77
Balance as at March 31, 2019	10,322.01	-	1,716.37	8,750.30	17.35	13.38	37.29	282.45	21,139.15
Additions	5.44	-	71.47	1,421.95	18.46	3.08	21.08	-	1,541.48
Disposals	-	-	-	0.10	0.96	0.01	9.80	-	10.87
Balance as at March 31, 2020	10,327.45	-	1,787.84	10,172.15	34.85	16.45	48.57	282.45	22,669.76
Adjustments on April 1, 2020#	575.83	415.34	664.95	9,491.89	13.37	4.91	13.32	-	11,179.61
Additions	-	52.84	15.90	414.00	8.66	1.14	4.12	-	496.66
Disposals	-	-	1.38	57.82	0.11	0.03	15.19	-	74.53
Assets reclassified as held for disposal**	-	-	-	-	-	-	-	282.45	282.45
<b>Balance as at March 31, 2021</b>	<b>10,903.28</b>	<b>468.18</b>	<b>2,467.31</b>	<b>20,020.22</b>	<b>56.77</b>	<b>22.47</b>	<b>50.82</b>	<b>-</b>	<b>33,989.05</b>
<b>Accumulated depreciation</b>									
Balance as at April 1, 2018	-	1.50	149.46	1,219.08	5.58	4.42	10.13	33.41	1,423.58
Adjustments on April 1, 2018*	-	(1.50)	(19.09)	(371.21)	(1.75)	(1.08)	(1.13)	-	(395.76)
Depreciation expense	-	-	70.84	451.36	2.02	2.61	5.29	16.72	548.84
Eliminated on disposals of assets	-	-	0.18	39.32	0.13	0.34	0.65	-	40.62
Adjustments towards revaluation@@	-	-	(186.51)	(1,081.48)	-	-	-	-	(1,267.99)
Balance as at March 31, 2019	-	-	14.52	178.43	5.72	5.61	13.64	50.13	268.05
Depreciation expense	-	-	84.70	731.24	3.38	2.16	5.59	16.70	843.77
Eliminated on disposals of assets	-	-	-	-	0.97	0.30	3.99	-	5.26
Balance as at March 31, 2020	-	-	99.22	909.67	8.13	7.47	15.24	66.83	1,106.56
Adjustments on April 1, 2020#	-	4.75	29.16	380.13	5.16	1.76	2.32	-	423.28
Depreciation expense	-	4.93	112.87	1,123.28	11.96	3.17	7.07	16.71	1,279.99
Eliminated on disposals of assets	-	-	1.38	57.53	0.11	0.03	3.94	-	62.99
Assets reclassified as held for disposal**	-	-	-	-	-	-	-	83.54	83.54
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>9.68</b>	<b>239.87</b>	<b>2,355.55</b>	<b>25.14</b>	<b>12.37</b>	<b>20.69</b>	<b>-</b>	<b>2,663.30</b>
<b>Net Block</b>									
<b>Balance as at March 31, 2021</b>	<b>10,903.28</b>	<b>458.50</b>	<b>2,227.44</b>	<b>17,664.67</b>	<b>31.63</b>	<b>10.10</b>	<b>30.13</b>	<b>-</b>	<b>31,325.75</b>
Balance as at March 31, 2020	10,327.45	-	1,688.62	9,262.48	26.72	8.98	33.33	215.62	21,563.20
Balance as at March 31, 2019	10,322.01	-	1,701.85	8,571.87	11.63	7.77	23.65	232.32	20,871.10

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

\* Adjustment pursuant to scheme of arrangement referred to in Note 1.2

# Adjustment pursuant to acquisition of subsidiary as described in Note 1.1 and 47

@@ This transfer relates to the accumulated depreciation as at the revaluation date that was adjusted against the gross carrying amount of the revalued assets.

\*\*Assets reclassified as held for disposal (Refer Note 10.2)

Also Refer Note 3.4

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 10 (continued)**

**Property, plant and equipment (continued)**

**Revaluation of Property, Plant and Equipment**

Fair value of property, plant and equipment was determined by using the market value method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation of 31 March 2019, the Buildings and Plant & Equipments' fair values are based on valuations performed by RBSA Valuation Advisors LLP an accredited independent valuer who has relevant valuation experience in India and Freehold Lands' fair values are based on valuations performed by N.Ayyappan a Chartered Engineer and Govt. Registered Valuer.

**Information of revaluation model:**

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

Net book value	31-Mar-21	31-Mar-20	31-Mar-19
	INR millions	INR millions	INR millions
Cost	9,011.15	8,994.00	7,463.38
Adjustments to cost*	5,218.43	-	-
Accumulated depreciation	2,404.51	2,039.98	1,536.04
Adjustments to accumulated depreciation*	1,060.50	-	-
<b>Net carrying amount</b>	<b>10,764.57</b>	<b>6,954.02</b>	<b>5,927.34</b>

\*Adjustments pursuant to Acquisition of a Subsidiary (Refer 1.1 and Note 47)

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

The Group uses the following hierarchy for determining and disclosing the fair value of its freehold land, buildings and plant and equipment:

	Fair value measurement using			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
	Rs Millions	Rs Millions	Rs Millions	Rs Millions
<b>Assets measured at fair value:</b>				
<i>March 31, 2021</i>				
Revalued Property, Plant and Equipment				
Freehold Land	10,903.28	-	10,903.28	-
Leasehold Land	458.50	-	458.50	-
Buildings	2,227.44	-	-	2,227.44
Plant and Machinery	17,664.67	-	-	17,664.67
	<b>31,253.89</b>	<b>-</b>	<b>11,361.78</b>	<b>19,892.11</b>
<b>Assets measured at fair value:</b>				
<i>March 31, 2020</i>				
Revalued Property, Plant and Equipment				
Freehold Land	10,327.45	-	10,327.45	-
Buildings	1,688.62	-	-	1,688.62
Plant and Machinery	9,262.48	-	-	9,262.48
	<b>21,278.56</b>	<b>-</b>	<b>10,327.45</b>	<b>10,951.10</b>
<b>Assets measured at fair value:</b>				
<i>March 31, 2019</i>				
Revalued Property, Plant and Equipment				
Freehold Land	10,322.01	-	10,322.01	-
Buildings	1,701.85	-	-	1,701.85
Plant and Machinery	8,571.87	-	-	8,571.87
	<b>20,595.73</b>	<b>-</b>	<b>10,322.01</b>	<b>10,273.72</b>

**Significant Observable and unobservable Valuation Inputs :**

The value of land was determined based on condition, location, demand, supply in and around and other infrastructure facility available at and around the said plot of land. Land which was based on government promoted industrial estates, was measured on the present fair market value depending on the condition of the said estates, its location and availability of such plots in the said industrial estate.

The valuation of Buildings and Plant and equipment was based on its present fair market value after allowing for the depreciation of the particular assets, as well as the present condition of the assets (Depreciated Replacement Cost Method). The replacement value of the said assets as well as its maintenance up-keep is considered while working out its present fair value.

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 10.1**

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

Particulars	Plant and equipment
<b>Carrying amount</b>	
Balance at April 1, 2018	-
Additions	223.76
Depreciation	14.92
Balance at March 31, 2019	208.84
Balance as at April 01, 2019 *	
Depreciation	29.84
Balance at March 31, 2020	179.00
Depreciation	29.84
Balance at March 31, 2021	149.16

**Carrying amounts of Lease liability recognised and movement during the year**

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Carrying amount</b>			
Balance as at beginning of the year	188.08	206.75	-
Additions	-	-	214.70
Accretion of interest	23.60	26.31	14.01
Payments	45.60	44.98	21.96
Balance as at end of the year	166.08	188.08	206.75
Current	25.08	21.98	18.67
Non-current	141.00	166.10	188.08

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

The Group has adopted the modified retrospective approach as given in Ind AS 116 for leases which has a lease term of more than 12 months as at April 1, 2018. The Group has also considered prepayments as part of Right-of-use assets as may be applicable.

The following are the amounts recognised in Profit or Loss

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation expense of right-of-use asset	29.84	29.84	14.92
Interest expense on lease liabilities	23.60	26.31	14.01
Expense relating to short term leases (included in other expenses)	4.83	1.05	17.74
<b>Total amount recognised in Restated consolidated summary statement of profit and loss</b>	<b>58.27</b>	<b>57.20</b>	<b>46.67</b>

**Note : 10.2**

**Assets held for sale**

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

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**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Note : 15</b>			
<b>i) Investments at FVTPL</b>			
<b>Investments in the shares of bodies corporate</b>			
<u>Unquoted fully paid equity shares</u>			
TCI Sanmar Chemicals S.A.E (March 31,2021 - 2 Equity shares, March 31,2020 - 2 Equity shares, March 31,2019 - 2 Equity shares)			
	0.44	0.44	0.44
	<b>0.44</b>	<b>0.44</b>	<b>0.44</b>
<b>ii) Investments accounted for at equity method of accounting</b>			
<b>Investment in Joint Venture</b>			
Mowbrays Corporate Finance	-	9,796.16	-
<b>Investment in associate</b>			
<u>Compulsorily Convertible Preference Shares (CCPS)</u>			
Sanmar Group International Limited	-	4,778.79	-
	-	<b>14,574.95</b>	-
Aggregate value of unquoted investments	<b>0.44</b>	<b>14,575.39</b>	<b>0.44</b>
(Also refer to Note No.38 & 39 for details of investments and also refer Note 48)			
<b>Note : 16</b>			
<b>Other non-current financial assets at amortised cost</b>			
(Unsecured, considered good)			
Security deposits	222.90	137.08	145.04
Margin deposits	0.59	0.79	1.70
Non-current bank deposits	0.48	0.50	3.20
Sundry receivables	5.62	5.61	5.59
Claims receivables	13.29	7.81	7.81
	<b>242.88</b>	<b>151.79</b>	<b>163.34</b>
<b>Note : 17</b>			
<b>Other non-current assets</b>			
Security Deposit - Government Authorities	47.50	35.46	36.03
Prepaid expenses	8.22	11.58	1.00
Capital Advances	45.79	30.55	26.07
	<b>101.51</b>	<b>77.59</b>	<b>63.10</b>
<b>Note : 18</b>			
<b>Inventories</b>			
Raw materials	726.88	525.77	333.80
Work-in-progress	110.29	39.42	28.76
Finished goods	217.74	279.89	139.07
Traded goods	113.96		
Stores and spares	681.96	403.23	383.86
Intermediates	2,220.07	569.98	1,117.73
	<b>4,070.90</b>	<b>1,818.29</b>	<b>2,003.22</b>
<b>Note :</b>			
Inventories includes Goods in transit			
Raw Material	47.99	21.79	-
Intermediaries	1,181.32	168.60	181.23
Stores and Spares	8.81	8.73	0.13
	<b>1,238.12</b>	<b>199.12</b>	<b>181.36</b>
<b>Note : 19</b>			
<b>Investment in joint venture</b>			
(Non-trade - Unquoted)			
Investment in partnership firm	-	-	11,587.48
	-	-	<b>11,587.48</b>
(Also refer to Note No.38 for details of investments and also Note 48)			

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Note : 20</b>			
<b>Trade receivables</b>			
<b>Unsecured, considered good**</b>			
Receivable from related party (Refer Note 48)	-	1.14	-
Receivable from others	739.27	480.81	668.99
	<u>739.27</u>	<u>481.95</u>	<u>668.99</u>
** Trade Receivables are generally non interest bearing and have a credit period of 1-90 days			
<b>Note : 21</b>			
<b>Cash and cash equivalents</b>			
Bank balances			
-in current account	834.84	711.52	384.03
-Deposits with original maturity of less than three months	2,179.50	-	-
Cheques on hand	14.75	38.12	100.67
Cash on hand	5.64	3.66	3.60
Stamps on hand	0.15	0.15	0.17
	<u>3,034.88</u>	<u>753.45</u>	<u>488.47</u>
<b>Note : 22</b>			
<b>Other bank balances</b>			
Margin deposits (Refer Note 28)	3,267.70	373.69	33.96
Deposits with original maturity of more than three months but less than 12 months	210.00	-	-
	<u>3,477.70</u>	<u>373.69</u>	<u>33.96</u>
<b>Note : 23</b>			
<b>Other current financial assets</b>			
(unsecured, considered good)			
Security deposits	3.39	2.57	3.48
Sundry receivable	767.21	731.33	208.91
Claims receivables	102.52	72.10	69.20
Unbilled revenue	-	-	4.32
Interest receivable	19.11	2.29	3.02
	<u>892.23</u>	<u>808.29</u>	<u>288.93</u>
<b>Note : 24</b>			
<b>Other current assets</b>			
Prepaid expenses	33.97	25.89	37.56
Balances with Government authorities	25.78	17.87	176.24
Advances given to suppliers	273.43	72.55	69.56
	<u>333.18</u>	<u>116.31</u>	<u>283.36</u>

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**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Note : 25</b>			
<b>Equity Share Capital</b>			
<b>Authorised</b>			
400,000,000 equity shares of Rs.5/- each (March 31, 2020 & March 31, 2019 - 200,000,000 equity shares of Rs.10/- each)	2,000.00	2,000.00	2,000.00
3,500,000 cumulative redeemable preference shares of Rs.100/- each (March 31, 2020 & March 31, 2019 - 3,500,000 cumulative redeemable preference shares of Rs.100/- each)	350.00	350.00	350.00
	<u>2,350.00</u>	<u>2,350.00</u>	<u>2,350.00</u>
<b>Issued</b>			
134,080,000 equity shares of Rs.5/- each (March 31, 2020 and March 31, 2019 - 67,040,000 equity shares of Rs.10/- each fully paid up)	<u>670.40</u>	<u>670.40</u>	<u>670.40</u>
<b>Subscribed and fully paid-up</b>			
134,080,000 equity shares of Rs.5/- each (March 31, 2020 and March 31, 2019 - 67,040,000 equity shares of Rs.10/- each fully paid up)	<u>670.40</u>	<u>670.40</u>	<u>670.40</u>

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

Particulars	No. of Shares	No. of Shares	No. of Shares
Balance as at beginning of the year	<b>67,040,000</b>	<b>67,040,000</b>	<b>80,000,000</b>
Issued pursuant to scheme of arrangement referred in Note 1.2	-	-	66,240,000
Adjustment pursuant to scheme of arrangement referred in Note 1.2	-	-	(79,200,000)
Issued during the year	-	-	-
Sub-division of shares*	67,040,000	-	-
Balance as at end of the year	<b>134,080,000</b>	<b>67,040,000</b>	<b>67,040,000</b>
	<b>Share Capital</b>	<b>Share Capital</b>	<b>Share Capital</b>
Balance as at beginning of the year	670.40	670.40	800.00
Issued pursuant to scheme of arrangement referred in Note 1.2	-	-	662.40
Adjustment pursuant to scheme of arrangement referred in Note 1.2	-	-	(792.00)
Issued during the year	-	-	-
Sub-division of shares	-	-	-
Balance as at end of the year	<b>670.40</b>	<b>670.40</b>	<b>670.40</b>

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

**Shares Held by Parent of Holding company and its subsidiaries**

Sanmar Holdings Limited and its nominees 134,080,000 equity shares as at March 31, 2021, 66,240,000 as at March 31, 2020 & March 31, 2019

**Rights, Preferences and Restrictions attached to shares**

Equity Shares: The Holding Company has one class of equity shares having a par value of Rs. 5 per share. 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.

The equity shares held by Sanmar Holdings Limited were issued based on Scheme of arrangement referred to in Note 1.2

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

Name of Shareholder	No. of shares (%age holding)	No. of shares (%age holding)	No. of shares (%age holding)
Sanmar Holdings Limited & its nominees of face value of Rs.5 each (Rs.10 as at March 31, 2020 and March 31, 2019)	13,408,000 (98.81%)	66,240,000 (98.81%)	66,240,000 (98.81%)



## Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements

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

## Note : 26

## 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 Instruments	No. of Instruments	No. of Instruments
Balance as at beginning of the year	-	63,750,000	-
Instruments taken over pursuant to the Acquisition of Subsidiary Company (Refer Note 47)	248,965,500	-	63,750,000
Redeemed during the year	(245,533,516)	(63,750,000)	-
Balance as at end of the year	<u>3,431,984</u>	<u>-</u>	<u>63,750,000</u>
	<b>Amount in Millions</b>	<b>Amount in Millions</b>	<b>Amount in Millions</b>
Balance as at beginning of the year	-	6,375.00	-
Instruments taken over pursuant to the Acquisition of Subsidiary Company (Refer Note 47)	24,896.55	-	6,375.00
Redeemed during the year	(24,553.35)	(6,375.00)	-
Balance as at end of the year	<u>343.20</u>	<u>-</u>	<u>6,375.00</u>

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

(i) 735,000 CCD issued are compulsorily convertible into equity shares of the Subsidiary Company, at par, anytime as may be decided by the Subsidiary Company, but not later than March 31, 2029

(ii) 1,200,000 CCD issued are compulsorily convertible into equity shares of the Subsidiary Company, at par, anytime as may be decided by the Subsidiary Company, but not later than March 31, 2029

(iii) 1,496,984 CCD issued are compulsorily convertible into equity shares of the Subsidiary Company, at par, anytime as may be decided by the Subsidiary Company, but not later than March 20, 2029

(iv) The CCDs shall not carry any interest.

(v) The CCDs are not marketable securities and can be transferred only at the discretion of the issuer company of the Group.

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

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

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

## Note: 27

## Other Equity

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
General Reserve	239.32	207.57	207.57
Retained earnings (Refer A below)	9,500.05	3,694.62	4,293.23
Share of Associate and Joint Venture (Refer E below)	-	162.25	113.65
Capital Reserve (Refer B below)	(32,307.19)	796.90	796.90
Capital Redemption Reserve	392.51	391.80	391.80
Debenture Redemption Reserve (Refer C below)	1,270.00	1,270.00	-
Asset Revaluation Reserve (Refer D below)	15,159.07	10,664.92	10,882.58
Securities premium	1,266.71	1,266.71	1,266.71
	<u>(4,479.53)</u>	<u>18,454.77</u>	<u>17,952.44</u>

## (A) Retained Earnings

Balances at the beginning of the year	3,694.62	4,293.23	2,722.71
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	-	-	382.21
Adjustment pursuant to acquisition of subsidiary (Refer 1.1 and 47)	1,366.56	-	-
Restated Profit for the year	4,102.44	461.25	1,184.64
Depreciation on revalued assets	412.10	217.66	-
Profit / Loss on sale/redemption of investments in Joint Venture	(80.26)	-	-
Transfer to Debenture Redemption Reserve	-	(1,270.00)	-
Restated Other Comprehensive Income	4.59	(7.52)	3.67
Balances at the end of the year	<u>9,500.05</u>	<u>3,694.62</u>	<u>4,293.23</u>

## (B) Capital Reserve

Balances at the beginning of the year	796.90	796.90	-
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	-	-	796.90
Adjustment pursuant to acquisition of Subsidiary (Refer Note 1.1 and 47)	(33,104.09)	-	-
Balances at the end of the year	<u>(32,307.19)</u>	<u>796.90</u>	<u>796.90</u>

## (C) Debenture Redemption Reserve

Balances at the beginning of the year	1,270.00	-	-
Amounts transferred from retained earnings	-	1,270.00	-
Deductions during the year	-	-	-
Balances at the end of the year	<u>1,270.00</u>	<u>1,270.00</u>	<u>-</u>

## (D) Asset Revaluation Reserve

Balances at the beginning of the year	10,664.92	10,882.58	-
Adjustment pursuant to acquisition of subsidiary (Refer 1.1 and 47)	4,876.43	-	-
Depreciation on revalued assets	(412.10)	(217.66)	-
Restated Other Comprehensive Income	29.82	-	10,882.58
Balances at the end of the year	<u>15,159.07</u>	<u>10,664.92</u>	<u>10,882.58</u>

## (E) Share of Associate and Joint Venture

Balances at the beginning of the year	162.25	113.65	82.27
Adjustment pursuant to acquisition of subsidiary (Refer 1.1 and 47)	14.19	-	-
Restated Other Comprehensive Income	(256.70)	48.60	31.38
Profit / Loss on sale/redemption of investments in Joint Venture and Associate	80.26	-	-
Balances at the end of the year	<u>-</u>	<u>162.25</u>	<u>113.65</u>

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note: 27 (continued)**

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 recognizes profit or loss on acquisition of business in a business combination 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.

Debenture Redemption Reserve (DRR):

The Companies (Share Capital and Debentures) Rules, 2014 (as amended), require the Group to create DRR out of profits of the Group available for payment of dividend. DRR is required to be created for an amount which is equal to 10% of the value of debentures outstanding. Accordingly, the Group has created DRR equal to 10% of the outstanding debentures as at year end.

Securities premium

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

General reserve

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

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Note : 28</b>			
<b>Non Current Borrowings</b>			
<b>Redeemable, Non-convertible debentures</b>			
17.50% Debentures (March 31,2021 - 1270 Debentures of face value of Rs.9,750,000 each, March 31,2020 - 1270 Debentures of face value of Rs.10,000,000 each, March 31, 2019 - Nil)	12,117.16	12,409.46	-
Term loan from Banks	6,126.05	-	994.71
Loans from financial Institutions	1,974.13	-	-
SIPCOT Soft Loan	884.94	-	-
(A)	<u>21,102.28</u>	<u>12,409.46</u>	<u>994.71</u>
Less:			
<b>Current maturities of borrowings</b>			
17.50% Debentures	280.67	342.70	-
Term loan from Banks	232.17	-	601.26
Loans from financial Institutions	343.95	-	-
(B)	<u>856.79</u>	<u>342.70</u>	<u>601.26</u>
(A) - (B)	<u>20,245.49</u>	<u>12,066.76</u>	<u>393.45</u>

**Summary of borrowing arrangements**

**Debentures outstanding**

17.50% Debentures outstanding of Rs.12,117.16 Million (March 31, 2020: Rs.12,409.46 Million) (March 31, 2019 - Nil) is repayable in 7 unequal annual installments commencing from 21-Dec-2020

**Security particulars of debentures**

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

- A first ranking mortgage on all the Holding Company's immovable properties.
- A first ranking charge on all the Holding Company's moveable assets (excluding current assets), intangible assets and designated account and the Debt Service Reserve Account and all amounts lying to the credit thereof;
- A second ranking charge on all the Holding Company's Current Assets, both present and future;
- A first ranking exclusive pledge over the equity shares held by the Immediate Holding Company, Sanmar Holdings Limited in the Holding Company, comprising at least 26% of the paid up equity share capital of the Group, on a Fully Diluted Basis in favour of the Debenture Trustee.

e) Corporate Guarantee provided by Sanmar Engineering Services Limited and Sanmar Holdings Limited in favour of the Debenture Trustee for the purposes of securing the Debentures, together with all Secured Obligations.

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

**Term Loan from Banks**

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

B. Corporate Guarantee of Sanmar Engineering Service Limited for Rs.8,250 Million towards the term loan, but limited to current outstanding of Rs.6,126.05 Million.

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

Term loan from banks relating to Holding Company amounting to Rs. Nil (March 31, 2020: Nil) (March 31, 2019: Rs. 994.71 Million) were secured by equitable mortgage of specific land and buildings of the Holding Company.

**Soft loan from SIPCOT**

A. Term loan from SIPCOT relating to the Subsidiary Company amounting to Rs. 884.94 Million (March 31, 2020: Nil) (March 31, 2019: Nil) is secured by first pari passu charge on specific land, buildings and plant and machinery of the Subsidiary Company.

**Term loan from Financial Institution**

A. Term loan from financial institution relating to the Subsidiary Company amounting to Rs. 1,974.13 Million (March 31, 2020: Nil) (March 31, 2019: Nil) is secured by first pari passu charge over entire moveable and immovable property, plant and equipment, both present and future, second pari passu charge over current assets, both present and future and exclusive charge over debt service reserve bank account of the Subsidiary Company.

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

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note 28 (continued)**

**Repayment of loans**

(a) Repayment of term loan 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.

The Subsidiary Company has obtained a condonation during the current year in respect of the previous year before approval of the historical audited financial statements for breach of financial covenants from the Bank and hence it had continued to present the Borrowings as Non-Current Borrowings.

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

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

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

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

**Note : 29**

**Other non-current financial liabilities**

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade Deposits	43.28	27.09	22.63
Accrued salaries and benefits	408.44	384.10	437.98
Other Payables	166.07	127.40	136.13
Lease Liability (Refer note 10.1)	141.00	166.10	188.08
	<u>758.79</u>	<u>704.69</u>	<u>784.82</u>

**Note : 30**

**Deferred tax liabilities / (Assets) (Net)**

Difference between book and tax written down value of Property, Plant & Equipment	7,392.55	5,268.53	5,387.41
Payments allowable in full under Income Tax but amortised over a year in books	98.00	-	-
MTM/Forward Premium claimable in future	(12.25)	32.56	-
Difference in allowable expenditure on forward exchange contracts	12.71	(34.01)	(31.96)
Expenses allowable on payment basis	(235.76)	(19.58)	(161.44)
MAT Credit entitlement	-	-	(88.41)
Share of Profit / (Loss) from Joint Venture and Associate	-	(343.03)	(139.72)
Employees Separation Scheme	(57.62)	(59.17)	(105.73)
Others	0.91	(0.04)	7.19
	<u>7,198.54</u>	<u>4,845.26</u>	<u>4,867.34</u>

**Note:**

**Unrecognised Minimum Alternate Tax Credit**

Financial year	Year of maturity	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
2015-16	2030-31	-	1.69	1.69
2016-17	2031-32	479.47	652.55	652.55
2017-18	2032-33	805.04	805.04	805.04
<b>Total</b>		<u>1,284.51</u>	<u>1,459.28</u>	<u>1,459.28</u>

**Note : 30 (continued)**

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Reconciliation of deferred tax liabilities (net):</b>			
Opening Balance	4,845.26	4,867.34	1,428.61
Deferred tax liabilities (net) pursuant to Scheme of Arrangement (Refer Note 1.2)	-	-	(871.44)
Deferred tax liabilities (net) pursuant to Acquisition of Subsidiary (Refer Note 1.1 and 47)	1,903.80	-	-
Change in Statement of Profit and Loss	592.91	(44.16)	230.19
Change in Other Comprehensive Income	(143.43)	22.08	4,079.98
<b>Closing Balance</b>	<u>7,198.54</u>	<u>4,845.26</u>	<u>4,867.34</u>

**Note : 31**

**Other non-current liabilities**

Government Grant	132.29	-	-
Other liabilities	41.34	55.67	51.64
	<u>173.63</u>	<u>55.67</u>	<u>51.64</u>

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

**Note : 32**

**Current Borrowings**

*Secured – at amortized cost*

Cash credit and working capital loan	-	250.00	150.00
Buyer's credit	-	227.38	1,383.81
	<u>-</u>	<u>477.38</u>	<u>1,533.81</u>

**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).

**Chemplast Sanmar Limited**

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

**Note : 33**

**Trade payables**

Payable to related parties (Note 48)	-	-	0.82
Payable to others*	16,561.46	2,159.55	2,196.50
	<u>16,561.46</u>	<u>2,159.55</u>	<u>2,197.32</u>

\* General Terms: The average credit period varies for each product between 1 to 270 days. No interest is charged for the initial period of 60 days. Thereafter interest is charged at LIBOR + Spread on the outstanding balance.

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

\* Includes dues for payment to Micro and Small enterprises Rs. 67.69 millions (March 31, 2020 :Rs. 21.97 millions) (March 31, 2019:Nil) (Also refer Note 43)

**Note : 34**

**Derivative Instruments**

Derivative Liability / (Asset) #	156.50	(74.45)	121.27
	<u>156.50</u>	<u>(74.45)</u>	<u>121.27</u>

# While the Group entered into foreign exchange forward contracts with the intention of reducing foreign exchange risk of purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Note : 35</b>			
<b>Other current financial liabilities</b>			
<i>Current maturities of borrowings</i>			
- 17.50% Debentures	280.67	342.70	-
- Term loan from Banks	232.17	-	601.26
- Loan from Financial Institution	343.95	-	-
Trade Deposits	1.21	0.56	1.43
Payable / Accrual towards Capital Expenditure*	252.64	169.84	215.42
Accrued salaries and benefits	542.49	274.99	322.74
Other Payables	791.09	381.28	345.10
Lease Liability (Refer note 10.1)	25.08	21.98	18.67
	<u>2,469.30</u>	<u>1,191.35</u>	<u>1,504.62</u>

\* Includes dues for payment to Micro and Small enterprises Rs.10.37 Million (March 31, 2020 and March 31, 2019 Nil) (Refer Note 43)

**Note : 36**

**Other current liabilities**

Government grant	5.81	-	-
Other Liabilities	154.16	122.89	131.84
Advance against Sale of assets	-	-	903.81
Advance from customers	200.65	75.46	45.67
Withholding and other tax payables	41.49	29.69	10.28
	<u>402.11</u>	<u>228.04</u>	<u>1,091.60</u>

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**Note: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 28, 32 and 35), cash and cash equivalents (Note 21) and equity attributable to equity holders of the Group, comprising issued capital, premium, and retained earnings.

**Gearing ratio**

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios as at March 31, 2019, March 31, 2020 and March 31, 2021 were as follows:

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Borrowings	21,102.28	12,886.84	2,528.52
Cash and Cash Equivalents	3,034.88	753.45	488.47
Net debt	18,067.40	12,133.39	2,040.05
Equity (ii)	(3,465.93)	19,125.17	24,997.84
Gearing Ratio	(5.21)	0.63	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**

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>37.2.1 Financial assets at amortised cost</b>			
Cash and bank balances (Note 21)	3,034.88	753.45	488.47
Other bank balances (Note 22)	3,477.70	373.69	33.96
Trade receivables (Note 20)	739.27	481.95	668.99
Other financial assets (Note 16 & 23)	1,135.11	960.08	452.27
<b>Total</b>	<b>8,386.96</b>	<b>2,569.17</b>	<b>1,643.69</b>
<b>37.2.2 Financial liabilities- At amortised cost</b>			
Borrowings (Note 28, 32 & 35)	21,102.28	12,886.84	2,528.52
Trade payables (Note 33)	16,561.46	2,159.55	2,197.32
Other financial liabilities (Note 29 & 35)	2,651.97	1,896.04	1,688.18
<b>Total</b>	<b>40,315.71</b>	<b>16,942.43</b>	<b>6,414.02</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 assets include investments, 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.

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

**37.4 Market risk**

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

**37.5 Foreign currency risk management**

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

**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	Change in currency exchange rate	Impact on post tax profits and equity		
		March 31, 2021	March 31, 2020	March 31, 2019
USD	1%	73.77	7.40	22.88

**37.6 Commodity price risk**

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

**A) Ethylene, EDC :**

Prices of PVC manufactured by the Group are monitored by Group's management and adjusted to respond to change in import parity price of PVC in Indian market. The prices of Ethylene/EDC (Input) and PVC (Output) generally move in the same direction thereby maintaining the margins more or less at the same levels over a year of time. Therefore, the Group is not significantly exposed to the variation in commodity prices over a year for the above products.

**B) Coal, Methanol :**

The following table shows the effect of price changes for Coal, Methanol for the year ended March 2021, 2020 and 2019:

Product	Change in Price	Impact on post tax profits and equity		
		March 31, 2021	March 31, 2020	March 31, 2019
Coal	5%	30.92	39.66	40.77
Methanol	5%	6.71	8.94	8.55
<b>Total</b>		<b>37.63</b>	<b>48.60</b>	<b>49.32</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.

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting year. 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 Group's profit / (loss) would increase or decrease as below:

Particulars	Increase/ (Decrease) in basis	Impact on post tax profits and equity		
		March 31, 2021	March 31, 2020	March 31, 2019
INR	100	60.19	-	10.38

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**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, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at the respective year ends, that defaults in payment obligations will occur.

**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	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2021	739.18	0.09	-	<b>739.27</b>
Trade Receivables as of March 31, 2020	448.64	33.31	-	<b>481.95</b>
Trade Receivables as of March 31, 2019	622.18	46.81	-	<b>668.99</b>

**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.

**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, 2021	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		5,719.54	283.93	6,003.47
Interest bearing		13,467.72	20,720.35	34,188.07
		<b>19,187.26</b>	<b>21,004.28</b>	<b>40,191.55</b>
	March 31, 2020	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		2,894.86	274.60	3,169.45
Interest bearing		933.42	12,496.85	13,430.28
		<b>3,828.28</b>	<b>12,771.45</b>	<b>16,599.73</b>
	March 31, 2019	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		3,097.58	272.46	3,370.04
Interest bearing		2,259.44	905.81	3,165.25
		<b>5,357.02</b>	<b>1,178.27</b>	<b>6,535.29</b>

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**37.10 Fair value hierarchy**

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Fair value hierarchy as at March 31,2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets measured at fair value</b>			
Investments	-	-	0.44
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities	-	156.50	-

**Fair value hierarchy as at March 31,2020**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets measured at fair value</b>			
Investments	-	-	0.44
Derivative assets	-	74.45	-
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities	-	-	-

**Fair value hierarchy as at March 31,2019**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets measured at fair value</b>			
Investments	-	-	0.44
Derivative assets	-	-	-
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities	-	121.27	-



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**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:

	Carrying value			Fair value		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>						
Investments	0.44	0.44	0.44	0.44	0.44	0.44
<b>Other financial assets:</b>						
Deposits	3,495.06	514.63	187.38	3,495.06	514.63	187.38
Sundry receivables	791.94	739.23	221.84	791.94	739.23	221.84
Claims receivable	115.81	79.91	77.01	115.81	79.91	77.01
Trade receivables	739.27	481.95	668.99	739.27	481.95	668.99
Cash and cash equivalents	3,034.88	753.45	488.47	3,034.88	753.45	488.47
<b>Total</b>	<b>8,177.40</b>	<b>2,569.61</b>	<b>1,644.13</b>	<b>8,177.40</b>	<b>2,569.61</b>	<b>1,644.13</b>
<b>Financial liabilities</b>						
<b>Borrowings:</b>						
Floating rate borrowings	8,100.18	-	994.71	8,100.18	-	994.71
Fixed rate borrowings	13,002.10	12,886.84	1,533.81	13,002.10	12,886.84	1,533.81
Trade payables	16,561.46	2,159.55	2,197.32	16,561.46	2,159.55	2,197.32
<b>Other financial liabilities:</b>						
Accrued salaries and benefits	950.93	659.09	760.72	950.93	659.09	760.72
Payable / Accrual towards Capital Expenditure	252.64	169.84	215.42	252.64	169.84	215.42
Other payables	1,001.65	536.33	505.29	1,001.65	536.33	505.29
Lease Liability	166.08	188.08	206.75	166.08	188.08	206.75
<b>Derivatives not designated as hedge</b>						
Derivative (asset) / liability	156.50	(74.45)	121.27	156.50	(74.45)	121.27
<b>Total</b>	<b>40,191.54</b>	<b>16,525.28</b>	<b>6,535.29</b>	<b>40,191.54</b>	<b>16,525.28</b>	<b>6,535.29</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.

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**Note 38**

**(A) Investment in Joint Venture**

Investment in partnership firm - Mowbrays Corporate Finance (MCF)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Total Partners	2	7	6
<b>Opening Carrying Value of Investments</b>	<b>9,796.16</b>	<b>11,587.48</b>	<b>9,185.47</b>
Net additional investment (including adjustment pursuant to scheme of arrangement as mentioned in Note 1.2)	-	(1,252.66)	2,707.99
Add: Share of Profit / (Loss) of a Joint Venture for the year	(695.62)	(590.26)	(261.64)
Less: Distribution of profits received from partnership firm	-	(17.23)	(92.58)
Add: Share of Other Comprehensive Income of a Joint Venture pertaining to Items that may be reclassified to profit or loss in subsequent years	(63.06)	93.88	48.24
Add: Share of Other Comprehensive Income of a Joint Venture pertaining to Items that will not be reclassified to Profit or Loss in subsequent years	-	(25.05)	-
Less: Redemption of investment in Joint Venture	(10,734.63)	-	-
Gain on disposal of investment in Joint Venture*	1,697.15	-	-
<b>Closing Carrying Value of Investments</b>	<b>-</b>	<b>9,796.16</b>	<b>11,587.48</b>

\* The Group has exited as a partner from Mowbrays Corporate Finance with effect from December 15, 2020 and as per the terms mutually agreed, the Group's investment in this joint venture has been redeemed at its original cost. Pursuant to this, the Group has recognised a gain of Rs.1697.15 million arising from the Group's exit from this partnership firm in the restated consolidated summary statements for the year ended March 31, 2021.

**Restated Statement of profit & loss for the year ended March 31, 2021, year ended March 31, 2020 & 2019**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from Operations	-	40.26	145.07
<b>Total Income</b>	<b>-</b>	<b>40.26</b>	<b>145.07</b>
<b>Expenses</b>			
Finance costs	0.00	0.01	0.01
Other expenses	0.01	0.01	0.01
<b>Total Expenses</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>
<b>Restated Profit / (Loss) before share of profit/ (loss) of an associate and tax</b>	<b>(0.01)</b>	<b>40.24</b>	<b>145.05</b>
Share of profit/(loss) of an associate	(1,391.23)	(5,471.60)	(1,664.06)
Profit / (Loss) on sale/redemption of investments in Associate	-	1,313.30	-
<b>Restated Profit / (Loss) before exceptional items and tax</b>	<b>(1,391.24)</b>	<b>(4,118.06)</b>	<b>(1,519.01)</b>
Exceptional items	-	-	-
<b>Restated Profit before tax</b>	<b>(1,391.24)</b>	<b>(4,118.06)</b>	<b>(1,519.01)</b>
<b>Tax Expense</b>			
(1) Current tax	-	14.10	50.83
(2) Deferred tax	-	-	-
<b>Total Tax Expense</b>	<b>-</b>	<b>14.10</b>	<b>50.83</b>
<b>Restated Profit / (Loss) for the year</b>	<b>(1,391.24)</b>	<b>(4,132.16)</b>	<b>(1,569.84)</b>
<b>Group's share of Restated Profit / (Loss) for the year</b>	<b>(695.62)</b>	<b>(590.26)</b>	<b>(261.64)</b>
<b>Restated Other Comprehensive Income</b>			
Items that may be reclassified to profit or loss in subsequent years			
- Share of OCI of an Associate	(126.13)	657.15	289.43
<b>Group's share for the year</b>	<b>(63.06)</b>	<b>93.88</b>	<b>48.24</b>
Items that will not be reclassified to Profit or Loss in subsequent years			
- Share of OCI of an associate	-	-	-
- Profit / (Loss) on sale/redemption of investments in Associate	-	(175.35)	-
- Share of OCI of an Associate	-	(175.35)	-
<b>Group's share for the year</b>	<b>-</b>	<b>(25.05)</b>	<b>-</b>
<b>Restated Total Other Comprehensive Income</b>	<b>(126.13)</b>	<b>481.80</b>	<b>289.43</b>
<b>Group's share of Restated Other Comprehensive Income for the year</b>	<b>(63.06)</b>	<b>68.83</b>	<b>48.24</b>
<b>Restated Total Comprehensive Income for the year</b>	<b>(1,517.37)</b>	<b>(3,650.36)</b>	<b>(1,280.41)</b>
<b>Group's share of Restated Total Comprehensive Income for the year</b>	<b>(758.68)</b>	<b>(521.43)</b>	<b>(213.40)</b>

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

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated**

**Summary Statements**

(All amounts are in Indian Millions unless otherwise stated)

**Note 38 (continued)**

**(B) Investment in Associate**

**Investment in CCPS of an Associate company**

**Sanmar Group International Limited**

1,682,195,623 (March 31,2020: 48,21,95,623 ) Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each

	16,821.95	4,821.95
Group share of %*	44.75%	12.83%

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

\*The subsidiary company was also holding investments in the associate. Pursuant to the acquisition of subsidiary company, the Group's share in the associate has increased from 12.83% to 44.75%.

Particulars	As at March 31, 2021	As at March 31, 2020
Current assets	7,022.34	7,904.60
Non Current assets	93,371.47	100,119.16
Current liabilities	(28,584.15)	(30,584.08)
Non Current liabilities	(61,635.12)	(60,972.61)
<b>Equity</b>	<b>10,174.54</b>	<b>16,467.07</b>
Group' share	4,553.11	2,112.73

**Restated Statement of profit & loss for the year ended March 31, 2021 and year ended March 31, 2020**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	23,043.77	18,439.16
Other income	14.75	0.99
<b>Total Income</b>	<b>23,058.52</b>	<b>18,440.15</b>
<b>Expenses</b>		
Cost of materials consumed	10,923.37	12,728.34
Changes in inventories of finished goods and work-in-progress	99.21	125.16
Employees' benefit expense	1,079.62	999.87
Other expenses	7,819.82	8,641.26
Depreciation expense	3,769.73	3,401.02
Finance costs	4,058.12	5,774.63
<b>Total Expenses</b>	<b>27,749.87</b>	<b>31,670.28</b>
<b>Restated profit / (Loss) before tax and exceptional items</b>	<b>(4,691.35)</b>	<b>(13,230.13)</b>
Exceptional items	-	(1,519.45)
<b>Restated Profit / (loss) before tax</b>	<b>(4,691.35)</b>	<b>(14,749.58)</b>
<b>Tax expense:</b>		
Current Tax	0.02	(0.13)
Deferred Tax	(1,164.07)	755.86
<b>Restated Profit / (loss) for the year after tax</b>	<b>(5,855.40)</b>	<b>(13,993.85)</b>
<b>Restated Profit / (loss) for post acquisition in 2019-20</b>	<b>-</b>	<b>(382.35)</b>
<b>Group's share of Restated Profit / (loss) for the year</b>	<b>(2,620.29)</b>	<b>(49.05)</b>
<b>Restated Other Comprehensive Income</b>		
Items that may be reclassified to profit or loss in subsequent years		
- Foreign currency translation reserve	(457.08)	1,680.70
<b>Restated Other Comprehensive Income post acquisition for 2019-20</b>	<b>-</b>	<b>45.92</b>
<b>Group's share of Restated Other Comprehensive Income for the year</b>	<b>(204.54)</b>	<b>5.89</b>
<b>Opening Carrying Value of Investments</b>	<b>4,778.79</b>	<b>-</b>
Net additional investment (including adjustment pursuant to scheme of arrangement as mentioned in Note 1.1 & 47)	11,860.40	-
Investments made during the year	-	4,821.95
Add: Share of Profit/(Loss) of an Associate for the year	(2,620.29)	(49.05)
Add: Share of OCI of associate pertaining to items that may be reclassified to profit or loss in subsequent years	(204.54)	5.89
Less: Redemption of investment in Associate*	(16,821.95)	-
Gain on disposal of investment in Associate*	3,007.59	-
<b>Closing Carrying Value of Investments</b>	<b>-</b>	<b>4,778.79</b>
Goodwill included in carrying value of investments	-	2,666.07

\* As per the terms mutually agreed, the Group has redeemed its investments in CCPS held in Sanmar Group International Limited with effect from March 31, 2021 at its original cost. Pursuant to this, the Group has recognised a gain of Rs.3007.59 million arising from the above redemption in the restated consolidated summary statements for the year ended March 31, 2021.

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 39**

**Details of Investment**

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
<u>Unquoted fully paid equity shares</u>			
TCI Sanmar Chemicals S.A.E. *	0.44	0.44	0.44

2 (March 31, 2020 - 2, March 31, 2019 - 2) Equity shares, fully paid up, par value EGP 1,000 each

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

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

**Note : 40**

**Segment Reporting**

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

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

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

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

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

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

The Group's operations until March 31, 2020 predominantly related to manufacture and sales of Speciality Chemicals. Pursuant to the acquisition of subsidiary company, the Board of Directors of the Group whom have been identified as the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicators of the Company into manufacture and sale of speciality chemicals and commodity chemicals as per the requirement of Ind-AS 108 "Operating Segments". The Group's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

Particulars	2020-21				
	Specialities	Commodity	Inter segment elimination	Unallocated	Total
Revenue (Net of Goods and Services Tax)					
External revenue	12,880.11	25,107.15	-	-	37,987.26
Inter segment revenue	7.27	0.24	(7.51)	-	-
<b>Segment revenue</b>	<b>12,887.38</b>	<b>25,107.39</b>	<b>(7.51)</b>	<b>-</b>	<b>37,987.26</b>
Other income	57.78	106.04	-	-	163.82
<b>Segment results</b>	<b>12,945.16</b>	<b>25,213.43</b>	<b>(7.51)</b>	<b>-</b>	<b>38,151.08</b>
Segment result (Profit before interest and Exceptional item)	3,093.43	5,375.30	(0.12)	-	8,468.61
Less: Finance Costs	2,536.69	1,796.93	-	-	4,333.62
Share of Profit/(Loss) from Joint Venture	-	-	-	(3,315.91)	(3,315.91)
Profit on redemption/sale of investments in Joint Venture and Associate	-	-	-	4,809.67	4,809.67
Exceptional Items	(156.84)	-	-	-	(156.84)
<b>Profit before tax</b>	<b>399.90</b>	<b>3,578.37</b>	<b>(0.12)</b>	<b>1,493.76</b>	<b>5,471.91</b>
Provision for tax					
Current	(133.10)	(678.60)	-	-	(811.70)
Deferred	135.27	(233.76)	-	(494.42)	(592.91)
Income Tax relating to earlier years	35.14	-	-	-	35.14
<b>Profit after tax</b>	<b>437.20</b>	<b>2,666.01</b>	<b>(0.12)</b>	<b>999.34</b>	<b>4,102.44</b>
Other Comprehensive Income					
Items that will not be reclassified to Profit or Loss in subsequent years					
- Remeasurement of Defined Benefit Plans	5.08	1.73	-	-	6.81
- Share of OCI from Joint Venture and Associate	-	-	-	-	-
- Profit / (Loss) on sale/redemption of investments in Joint Venture	-	-	-	(104.93)	(104.93)
- Deferred tax expense on the above items	(1.78)	(0.44)	-	36.67	34.45
- Adjustment of deferred tax liability relating to assets revalued on change in tax rates	-	29.82	-	-	29.82
Items that may be reclassified to profit or loss in subsequent years					
- Share of OCI from Joint Venture and Associate	-	-	-	(267.60)	(267.60)
- Deferred tax expense on the above items	-	-	-	79.16	79.16
<b>Other Comprehensive Income</b>	<b>3.30</b>	<b>31.11</b>	<b>-</b>	<b>(256.70)</b>	<b>(222.29)</b>
<b>Total Comprehensive Income</b>	<b>440.50</b>	<b>2,697.12</b>	<b>(0.12)</b>	<b>742.64</b>	<b>3,880.15</b>
<b>Other Information</b>					
Segment assets	42,834.84	17,584.27	(15,558.18)	-	44,860.93
<b>Total assets</b>	<b>42,834.84</b>	<b>17,584.27</b>	<b>(15,558.18)</b>	<b>-</b>	<b>44,860.93</b>
Segment liabilities	22,630.83	25,728.72	(0.96)	-	48,358.59
<b>Total liabilities</b>	<b>22,630.83</b>	<b>25,728.72</b>	<b>(0.96)</b>	<b>-</b>	<b>48,358.59</b>
Capital expenditure	369.16	127.50	-	-	496.66
Depreciation and amortisation	876.12	433.71	-	-	1,309.83

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 41**

**Contingent liabilities (As per Ind AS 37)\***

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
A. Claims against the Group not acknowledged as debts :			
- On account of Direct Taxes	67.26	61.25	16.54
- On account of Indirect Taxes	277.22	229.77	116.64
- On account of other disputes	143.96	148.98	148.98
B. Corporate guarantee given to State Industries Promotion Corporation of Tamil Nadu (SIPCOT) in respect of soft loan availed by Chemplast Cuddalore Vinyls Limited from SIPCOT			
'- (Total amount of the corporate guarantee given by Chemplast Sanmar Ltd to SIPCOT for the soft loan facility is Rs 3318.6 Million – Actual amount of the Loan drawn by CCVL against this facility is Nil in March 31, 2021, Rs. 1076.63 Million in March 31, 2020 and Rs. 971.65 Million in March 31, 2019)	-	1,076.63	971.65
<b>Total</b>	<b>488.44</b>	<b>1,516.63</b>	<b>1,253.81</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.

**Note : 42**

**Capital commitments :**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	350.57	291.66	256.96
	<b>350.57</b>	<b>291.66</b>	<b>256.96</b>

**Note : 43**

**Dues to micro and small enterprises**

As at March 31, 2021, March 31, 2020 and March 31, 2019 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 33 and Note 35 have been determined to the extent such parties have been identified on the basis of information available with the Group.

**Note: 44**

**Impairment assessment**

The Group has determined the recoverable amounts of its plants at various locations under Ind AS 36 "Impairment of Assets" based on various assumptions / estimates relating to market demand, selling price, cost of raw materials and intermediaries etc., for the Group's products resulting from the Covid lockdown in the short to medium-term, exchange variations, inflation, terminal value etc., which are considered reasonable by the management. The Group has performed sensitivity analysis on the assumptions / estimates used basis internal and external information available up to the date of approval of these financial statements, and indicators of future economic conditions relevant to the Group's operations. Based on a careful evaluation of the aforesaid factors, the management has concluded that the recoverable value of the property, plant and equipment is higher than their carrying amounts as at March 31, 2021.

**Note: 45**

Exceptional items before tax of Rs. 156.84 Millions (March 31, 2020: Nil and March 31, 2019:Nil) refers to compensation payable to employees who have opted for an early separation scheme announced by the Group.

**Note: 46**

Miscellaneous expenses includes Rs.53.94 Million (March 31, 2020: Rs.68.45 Million, March 31, 2019: Rs.13.89 Million) towards expenditure on Corporate Social Responsibility (CSR) against Rs.50.14 Million (March 31, 2020: Rs.67.20 Million, March 31, 2019: Rs.55.12 Million) to be spent as per the Companies Act, 2013.

**Note: 47**

**Business combinations under common control**

**Acquisition of Chemplast Cuddalore Vinyls Limited**

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

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

Transaction costs incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination is recognised as an expense in the year in which it is incurred.

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note 48**

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013 for the year ended 31st March 2021, 31st March 2020 and 31st March, 2019.

Name of entity	Year ended March 31, 2021							
	Net Assets		Share in Restated Profit or loss		Restated Other Comprehensive Income		Restated Total Comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Restated Consolidated Profit and Loss	Amount	as % of Restated Consolidated Other Comprehensive Income	Amount	as % of Restated Consolidated Total Comprehensive Income	Amount
<b>Parent</b>								
Chemplast Sanmar Limited	(584.61%)	20,262.17	63.31%	2,597.32	(6.39%)	14.20	67.30%	2,611.51
<b>Subsidiary</b>								
Chemplast Cuddalore Vinyls Limited	684.61%	(23,728.10)	117.52%	4,821.03	(14.00%)	31.11	125.05%	4,852.14
<b>Joint Venture</b>								
Mowbrays Corporate Finance	-	-	(16.96%)	(695.63)	28.37%	(63.06)	(19.55%)	(758.68)
<b>Associate</b>								
Sanmar Group International Limited	-	-	(63.87%)	(2,620.28)	92.02%	(204.54)	(72.80%)	(2,824.82)
<b>Total</b>	<b>100.00%</b>	<b>(3,465.93)</b>	<b>100.00%</b>	<b>4,102.44</b>	<b>100.00%</b>	<b>(222.29)</b>	<b>100.00%</b>	<b>3,880.15</b>

Name of entity	Year ended March 31, 2020							
	Net Assets		Share in Restated Profit or loss		Restated Other Comprehensive Income		Restated Total Comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Restated Consolidated Profit and Loss	Amount	as % of Restated Consolidated Other Comprehensive Income	Amount	as % of Restated Consolidated Total Comprehensive Income	Amount
<b>Parent</b>								
Chemplast Sanmar Limited	23.79%	4,550.22	242.34%	1,117.79	(81.89%)	(33.64)	215.82%	1,084.15
<b>Joint Venture</b>								
Mowbrays Corporate Finance	51.22%	9,796.16	(131.70%)	(607.49)	167.55%	68.83	(107.23%)	(538.66)
<b>Associate</b>								
Sanmar Group International Limited	24.99%	4,778.79	(10.64%)	(49.05)	14.34%	5.89	(8.59%)	(43.16)
<b>Total</b>	<b>100.00%</b>	<b>19,125.17</b>	<b>100.00%</b>	<b>461.25</b>	<b>100.00%</b>	<b>41.08</b>	<b>100.00%</b>	<b>502.33</b>

Name of entity	Year ended March 31, 2019							
	Net Assets		Share in Restated Profit or loss		Restated Other Comprehensive Income		Restated Total Comprehensive Income	
	as % of Consolidated Net Assets	Amount	as % of Restated Consolidated Profit and Loss	Amount	as % of Restated Consolidated Other Comprehensive Income	Amount	as % of Restated Consolidated Total Comprehensive Income	Amount
<b>Parent</b>								
Chemplast Sanmar Limited	53.65%	13,410.36	129.90%	1,538.86	99.56%	10,869.39	102.53%	12,408.25
<b>Joint Venture</b>								
Mowbrays Corporate Finance	46.35%	11,587.48	(29.90%)	(354.22)	0.44%	48.24	(2.53%)	(305.98)
<b>Total</b>	<b>100.00%</b>	<b>24,997.84</b>	<b>100.00%</b>	<b>1,184.64</b>	<b>100.00%</b>	<b>10,917.63</b>	<b>100.00%</b>	<b>12,102.27</b>

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 49**

**(A) Related party transactions (As per Ind AS 24)**

**List of parties where control exists**

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

**Joint Ventures**

Mowbrays Corporate Finance (Upto December 15, 2020)

**Fellow Subsidiaries**

Sanmar Group International Limited (Upto March 19, 2020; From March 31, 2021)

TCI Sanmar Chemicals S.A.E.

Sanmar Overseas Investments AG

**Associates**

Sanmar Group International Limited (From March 20, 2020)

Sanmar Estates and Investments (Upto March 17, 2020)

**Key Management Personnel**

Vijay Sankar (From April 26, 2021)

P S Jayaraman (Upto January 31, 2021)

S V Mony (upto January 25, 2019)

Ramkumar Shankar (From February 1, 2021)

S Sankaran (Upto March 16, 2020)

Lavanya Venkatesh (Upto April 26, 2021)

V K Parthasarathy (Upto April 26, 2021)

Amarnath Ananthanarayanan

Chandran Ratnaswami (From April 26, 2021)

Dr. Lakshmi Vijayakumar (From April 26, 2021)

Aditya Jain (From April 26, 2021)

Sanjay Vijay Bhandarkar (From April 26, 2021)

Prasad Raghava Menon (From April 26, 2021)

**Terms and conditions of transactions with related parties:**

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties

This assessment is undertaken in each financial year through examining the financial position of related party and the market in which the related party operates.

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Chemplast Sanmar Limited

Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements

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

Note : 49 (continued)

Description	Parties where control exists			Joint Ventures / Fellow Subsidiaries / Associates			Key Management Personnel		
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of power</b>									
Chemplast Cuddalore Vinyls Limited	-	-	-	-	146.14	75.80	-	-	-
<b>Sale of materials</b>									
Chemplast Cuddalore Vinyls Limited	-	-	-	-	7.86	-	-	-	-
<b>Sale of MEIS Scrips</b>									
Chemplast Cuddalore Vinyls Limited	-	-	-	-	19.25	-	-	-	-
<b>Printing and Stationery expense</b>									
Chemplast Cuddalore Vinyls Limited	-	-	-	-	0.91	5.27	-	-	-
<b>Purchase of MEIS Scrips</b>									
Sanmar Engineering Services Limited	-	-	2.25	-	-	-	-	-	-
<b>Distribution of profits received from Joint Venture</b>									
Mowbrays Corporate Finance	-	-	-	-	17.23	92.58	-	-	-
<b>Profit / (Loss) on sale/redemption of investments in Joint Venture and Associate (including OCI share)</b>									
Mowbrays Corporate Finance	-	-	-	1,697.15	-	-	-	-	-
Sanmar Group International Limited	-	-	-	3,007.59	-	-	-	-	-
<b>Share of profit / (loss) from Associate and Joint Venture (including OCI share)</b>									
Mowbrays Corporate Finance	-	-	-	(758.68)	(538.66)	(305.98)	-	-	-
Sanmar Group International Limited	-	-	-	(2,824.83)	(43.16)	-	-	-	-
<b>Expenses Paid</b>									
Sanmar Speciality Chemicals Limited	-	-	-	-	-	-	-	-	-
<b>Expenses Recovered</b>									
Sanmar Engineering Services Limited	0.08	-	-	-	-	-	-	-	-
Chemplast Cuddalore Vinyls Limited	-	-	-	-	0.36	-	-	-	-
<b>Advance for issuance of Zero coupon compulsorily convertible debentures redeemed during the year</b>									
Sanmar Holdings Limited	-	6,375.00	-	-	-	-	-	-	-
<b>Investment made during the year</b>									
Mowbrays Corporate Finance	-	-	-	-	4,590.20	23,232.48	-	-	-
<b>Investment redeemed during the year</b>									
Mowbrays Corporate Finance	-	-	-	10,734.63	5,842.86	20,621.86	-	-	-
<b>Redemption of debentures</b>									
Sanmar Engineering Services Limited	24,553.35	-	-	-	-	-	-	-	-
<b>Remuneration</b>									
Ramkumar Shankar	-	-	-	-	-	-	14.81	-	-
P S Jayaraman	-	-	-	-	-	-	17.55	20.46	17.68
<b>Sitting Fees</b>									
S V Mony	-	-	-	-	-	-	-	-	0.01
V K Parthasarathy	-	-	-	-	-	-	0.03	0.03	0.04
<b>Investment made during the year in CCPS</b>									
Sanmar Group International Limited	-	-	-	-	4,821.95	-	-	-	-
<b>Investment redeemed during the year</b>									
Sanmar Group International Limited	-	-	-	16,821.95	-	-	-	-	-
<b>Balances as at year end</b>									
Investments	-	-	-	0.44	14,575.39	11,587.92	-	-	-
Advance for issuance of Zero coupon compulsorily convertible debentures	-	-	6,375.00	-	-	-	-	-	-
Sundry receivable	-	-	-	731.72	712.36	193.14	-	-	-
Trade receivables	-	-	-	-	1.14	-	-	-	-
Trade payables	-	-	-	-	-	0.82	-	-	-



**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note : 49 (continued)**

**(B) Disclosure based on the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018**

Transactions during the year	Names of related parties	Year ended March 31, 2021
Sale of materials	Chemplast Cuddalore Vinyls Limited	7.28
Purchase of materials	Chemplast Cuddalore Vinyls Limited	0.24
Expenses Recovered	Chemplast Cuddalore Vinyls Limited	0.08
Investments made in compulsorily convertible debentures	Chemplast Cuddalore Vinyls Limited	12,553.35
<b>Balance as at year end</b>	<b>Names of related parties</b>	<b>As at March 31, 2021</b>
Investments in compulsorily convertible debentures	Chemplast Cuddalore Vinyls Limited	12,553.35
Trade receivables	Chemplast Cuddalore Vinyls Limited	0.96

**Note:**

The transactions and balances with the subsidiary provided above have been eliminated on consolidation.

**Note : 50**

**Employee benefit cost**

**Defined benefit plans**

**Gratuity:**

This is a defined benefit plan and the Group's Scheme is administered by Life Insurance Corporation of India (LIC). The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2021 by a private actuary.

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

	Valuation at		
	March 31, 2021 %	March 31, 2020 %	March 31, 2019 %
Discount rate(s)	6.97%	6.70%	7.50%
Expected return on plan assets	6.97%	6.70%	8.00%
Expected rate(s) of salary increase	7.00%	6.70%	7.50%
Attrition rate	2.00%	2.00%	1% - 3%

Cost of defined benefit plans are as follows.

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	17.01	10.91	8.72
Interest on obligation	10.15	7.71	9.38
Expected return on plan assets <i>(to the extent it represents an adjustment to interest cost)</i>	(9.99)	(7.96)	(7.46)
<b>Net cost recognised in the Restated Statement of Profit and Loss</b>	<b>17.17</b>	<b>10.66</b>	<b>10.64</b>
Expected return on plan assets <i>(to the extent it does not represent an adjustment to interest cost)</i>	-	-	(0.30)
Actuarial (gains)/losses recognized in the year	(6.81)	11.56	(5.31)
<b>Net (gain) / loss recognised in the Restated Other Comprehensive Income</b>	<b>(6.81)</b>	<b>11.56</b>	<b>(5.61)</b>

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

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of funded defined benefit obligation	164.86	126.53	108.89
Fair value of plan assets	193.18	107.39	111.97
<b>Net Liability / (Asset)</b>	<b>(28.32)</b>	<b>19.14</b>	<b>(3.08)</b>

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

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

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	107.39	111.97	151.44
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	-	-	(27.68)
Adjustment pursuant to acquisition of Subsidiary (Refer Note 1.1 and 47)	34.13	-	-
Expected return on plan assets	9.99	7.96	7.76
Actuarial gains/ (losses)	(1.24)	(0.96)	(0.08)
Contributions from the employer	39.69	0.49	9.39
Benefits paid	3.23	(12.07)	(28.86)
Closing fair value of plan assets	<b>193.19</b>	<b>107.39</b>	<b>111.97</b>

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

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	126.53	108.89	152.83
Adjustment pursuant to Scheme of Arrangement (Refer Note 1.2)	-	-	(27.72)
Adjustment pursuant to acquisition of Subsidiary (Refer Note 1.1 and 47)	43.98	-	-
Current service cost	17.01	10.91	8.72
Interest cost	10.15	7.71	9.38
Actuarial (gains)/losses	(8.05)	10.60	(5.39)
Transfer of obligations	3.23	0.49	(0.07)
Benefits paid	(27.98)	(12.07)	(28.86)
Closing defined benefit obligation	<b>164.87</b>	<b>126.53</b>	<b>108.89</b>

Actuarial (gain)/loss on obligations attributable to change in financial assumptions	0.23	-	-
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	(8.29)	10.60	(5.39)
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]	-	-	-
Year 1	8.48	11.98	3.70
Year 2	16.99	24.29	41.79
Year 3	21.72	10.49	10.32
Year 4	18.84	12.98	9.38
Year 5	16.27	8.60	14.66
Years 6 through 10	62.47	44.71	44.81
Expected contribution to the fund in the next 12 months	23.39	23.82	18.80

**Notes:**

- I. The entire plan assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC)
- II. The expected / actual return on Plan assets is as furnished by LIC
- III. The estimate of future salary increase takes in to account inflation, likely increments, promotions and other relevant factors.

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

The 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	Year	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	March 31, 2021	(2.26)	1.54	(13.96)
	March 31, 2020	0.26	0.79	(10.06)
	March 31, 2019	(1.27)	0.41	(8.18)
Decrease in discount rate by 1 %	March 31, 2021	1.94	0.42	16.42
	March 31, 2020	3.62	(0.17)	11.87
	March 31, 2019	1.55	(0.50)	9.52
Increase in salary escalation by 1 %	March 31, 2021	1.94	2.19	16.46
	March 31, 2020	3.62	1.16	11.90
	March 31, 2019	1.55	0.76	9.55
Decrease in salary escalation by 1 %	March 31, 2021	(2.30)	0.05	(14.26)
	March 31, 2020	0.23	(0.33)	(10.28)
	March 31, 2019	(1.30)	(0.67)	(8.35)

## Chemplast Sanmar Limited

### Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements

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

#### Note: 51

##### Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures, and the accompanying 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 year.

##### a. Judgements

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

##### b. Estimates and assumptions

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

##### Impairment of non-financial assets

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

##### Taxes

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

##### Defined benefit plans

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

Further details about defined benefit obligations are given in Note 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 at revalued amounts with changes in fair value being recognised in OCI. The Group had engaged an independent valuation specialist to assess fair value for revaluation of land, buildings, plant and equipment as at March 31, 2019. Fair value of land was determined by using the market approach and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 10.

##### Revenue from contract with customers

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

##### Leases - Estimating the incremental borrowing rate

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

##### Useful life of PPE

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

#### Note 52

##### Employees' benefits obligations

##### a. Defined contribution plan

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Group make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Group recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Group has no further obligations under the plan beyond its monthly contributions.

##### b. Defined benefit plan

##### Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy. Fund is maintained with Life Insurance Corporation of India.

**Chemplast Sanmar Limited**

**Annexure 6 : Consolidated summary statement of Notes and other explanatory information forming part of Restated Consolidated Summary Statements**

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

**Note 53**

**Events after the reporting period**

The financial statements have been adjusted for relevant subsequent events after respective periods till the date of board approval of these restated consolidated summary statements.

**Note 54**

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

For and on behalf of the Board of Directors of

**Chemplast Sanmar Limited**

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**Amarnath Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Chemplast Cuddalore Vinyls Limited

### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Ind AS financial statements of Chemplast Cuddalore Vinyls Limited (“the Company”), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of matter**

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

Our opinion is not modified in respect of this matter.

#### **Information Other than the Ind AS Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Directors’ report but does not include the Ind AS financial statements and our auditor’s report thereon. The Directors’ report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the

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

### **Responsibility of Management for the Ind AS Financial Statements**

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

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 41 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**-Sd-**

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAAEE7869

Place of Signature: Chennai

Date: July 16, 2021



**Annexure 1 referred to in paragraph 1 of the section on report on other legal and regulatory requirements in our report of even date**

**Re: Chemplast Cuddalore Vinyls Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company. Immovable properties of land and buildings whose title deeds have been pledged in favour of Lender as security for the Term Loan, are held in the name of the Company based on the Loan agreement executed between the Lender and the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on such physical verification have been properly adjusted in the books. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of Sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of investments made have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause 148(1) of the Act related to the manufacture of the Company's products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of service tax, customs duty, excise duty, on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount in INR (million)	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	21.58	2013-14	Central Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty/ Service Tax/ Penalty	2.36	2009-10 to 2016-17	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty/ Service Tax/ Penalty	33.01	2007-08 to 2014-15	Central Excise and Service Tax Appellate Tribunal (CESTAT)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or Government...

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

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

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

(xiv) According to the information and explanations given by the management and audit procedures performed by us, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of fully convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

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

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**-Sd-**

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAAEE7869

Place of Signature: Chennai

Date: July 16, 2021

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF CHEMPLAST CUDDALORE VINYLs LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Chemplast Cuddalore Vinyls Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted

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

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

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

### **Opinion**

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

### **For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**-Sd-**

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 21221268AAAAEE7869

Place of Signature: Chennai

Date: July 16, 2021

**Chemplast Cuddalore Vinyls Limited**  
**Standalone Balance Sheet as at March 31, 2021**

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	10,448.71	10,756.33
Capital work-in-progress		0.68	43.52
Investments in Associate	15	-	12,000.00
<b>Financial Assets</b>			
(i) Investments	15	-	6.00
(ii) Other Financial Assets	16	78.39	15.82
Other non-current assets	17	38.68	14.86
Non-Current tax assets (Net)		25.08	24.92
		<u>10,591.54</u>	<u>22,861.45</u>
<b>Current assets</b>			
Inventories	18	1,698.42	1,380.51
<b>Financial Assets</b>			
(i) Trade Receivables	19	60.55	20.25
(ii) Cash and cash equivalents	20	2,294.75	168.21
(iii) Derivative Assets	33	-	455.46
(iv) Other Bank balances	21	2,725.92	503.30
(v) Other Financial Assets	22	77.00	45.23
Other current assets	23	146.48	177.25
		<u>7,003.12</u>	<u>2,750.21</u>
<b>Total assets</b>		<u><b>17,594.66</b></u>	<u><b>25,611.66</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	24	3,030.30	3,030.30
Instruments entirely equity in nature	25	12,896.55	24,896.55
Other Equity	26	(24,071.30)	(26,768.89)
Total Equity		<u>(8,144.45)</u>	<u>1,157.96</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	27	8,409.00	8,193.70
(ii) Other Financial Liabilities	28	33.42	103.02
Deferred Tax Liabilities (Net)	29	2,143.46	1,939.55
Other non-current liabilities	30	132.29	138.10
		<u>10,718.17</u>	<u>10,374.37</u>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	31	-	691.57
(ii) Trade Payables	32		
- Total outstanding dues of micro enterprises and small enterprises		22.65	13.18
- Total outstanding dues of creditors other than micro enterprises and small enterprises		13,440.68	11,799.92
(iii) Derivative liabilities	33	111.04	-
(iii) Other financial liabilities	34	1,100.32	1,203.22
Other current liabilities	35	168.69	371.44
Current Tax Liability (Net)		177.56	-
		<u>15,020.94</u>	<u>14,079.33</u>
Total liabilities		<u>25,739.11</u>	<u>24,453.70</u>
<b>Total equity and liabilities</b>		<u><b>17,594.66</b></u>	<u><b>25,611.66</b></u>

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number:101049W/E300004

For and on behalf of the Board of Directors of

**Chemplast Cuddalore Vinyls Limited**

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**Amarnath**

**Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

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

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

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue</b>			
Revenue from operations	4	25,107.39	18,789.52
Other income	5	106.04	113.86
<b>Total Income</b>		<b>25,213.43</b>	<b>18,903.38</b>
<b>Expenses</b>			
Cost of materials consumed	6a	16,532.30	15,122.08
Purchase of traded goods	6b	310.78	-
Changes in inventories of finished goods, traded goods and work-in-progress	7	114.51	98.75
Employees' benefit expense	8	364.56	355.47
Other expenses	9	2,082.27	2,349.15
Depreciation expense	10	433.71	416.49
Finance costs	11	1,796.93	1,164.60
<b>Total Expenses</b>		<b>21,635.06</b>	<b>19,506.54</b>
<b>Profit / (Loss) before tax and exceptional items</b>		<b>3,578.37</b>	<b>(603.16)</b>
Exceptional items	44	-	(1,068.95)
<b>Profit / (Loss) before tax</b>		<b>3,578.37</b>	<b>(1,672.11)</b>
<b>Tax expense:</b>			
Current Tax		(678.60)	-
Income tax relating to earlier years	12	-	174.03
Deferred Tax		(233.29)	521.54
<b>Profit / (Loss) after tax</b>		<b>2,666.48</b>	<b>(976.54)</b>
<b>Other Comprehensive Income:</b>			
Items that will not be reclassified to Profit or Loss in subsequent periods	13		
- Remeasurement of Defined Benefit Plans		1.73	(3.87)
- Deferred Tax expense relating to remeasurement of Defined Benefit Plans		(0.44)	0.99
- Adjustment of deferred tax liability relating to assets revalued due to change in tax rates		29.82	603.52
<b>Total Other Comprehensive Income</b>		<b>31.11</b>	<b>600.64</b>
<b>Total Comprehensive Income for the year</b>		<b>2,697.59</b>	<b>(375.90)</b>
<b>Basic and Diluted Earnings per share (equity shares, par value Rs 10/- each)</b>	14	<b>4.77</b>	<b>(1.97)</b>

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

As per our report of even date

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

-sd-

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

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

-sd-

**Ramkumar Shankar**  
Managing Director  
DIN : 00018391

-sd-

**M Chandrasekar**  
Chief Financial Officer

-sd-

**Amarnath**  
**Ananthanarayanan**  
Director  
DIN : 02928105

-sd-

**M Raman**  
Company Secretary  
Memb No. ACS 06248

**Chemplast Cuddalore Vinyls Limited**  
**Standalone Statement of Cash Flows for the year ended March 31, 2021**  
(All amounts are in Indian Rupees in Millions unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS</b>	3,578.37	(603.16)
Adjustments for:		
Depreciation	433.71	416.49
Interest and finance charges	1,796.93	1,164.60
(Profit) / Loss on sale of Property, Plant & Equipment (net)	(0.33)	0.03
Exceptional Items	-	(1,068.95)
Fair value change in Investment	6.00	-
Share of income from partnership firm	-	(3.17)
Provision no longer required written back	(4.76)	(0.02)
Interest Income	(94.99)	(67.05)
Difference in fair value of derivative instruments	566.49	(935.53)
Unrealised (gain) / loss of foreign exchange transactions (net)	819.64	1,059.77
Amortization of government grant	<u>(5.81)</u>	<u>(26.93)</u>
<b>OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES</b>	7,095.25	(63.92)
Adjustments for changes in:		
Trade and other receivables	(92.73)	(88.30)
Inventories	(317.91)	493.12
Trade and other payables	<u>469.64</u>	<u>(107.77)</u>
<b>CASH GENERATED FROM OPERATIONS</b>	7,154.26	233.13
Income taxes paid (net)	<u>(501.20)</u>	<u>(37.54)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>6,653.06</u>	<u>195.59</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments made in compulsorily convertible preference shares in associate	-	(12,000.00)
Redemption of Investments made in compulsorily convertible preference shares in associate	12,000.00	-
Redemption of investments / (investments made) in Joint Venture (net)	-	3,155.28
Purchase of Property, Plant & Equipment	(105.12)	(141.85)
Margin Deposits placed with bank (net)	(2,222.62)	(502.89)
Distribution of profit received from partnership firm	-	3.17
Interest received	84.31	66.39
Proceeds from sale of Property, Plant & Equipment	<u>1.74</u>	<u>1.71</u>
<b>NET CASH FROM / USED IN INVESTING ACTIVITIES</b>	<u>9,758.31</u>	<u>(9,418.19)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long term borrowings	2,000.00	8,354.98
Repayment from Long term borrowings	(2,226.80)	(103.13)
Proceeds / (Repayment) from short-term borrowings (net)	(650.23)	646.74
Interest and finance charges paid	(1,407.80)	(1,343.82)
Redemption of Compulsorily Convertible Debentures pursuant to change in terms	(24,553.35)	(10,860.00)
Issue of Zero Coupon Compulsorily Convertible Debentures to holding company	12,553.35	12,193.50
<b>NET CASH FROM / USED IN FINANCING ACTIVITIES</b>	<u>(14,284.83)</u>	<u>8,888.27</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>2,126.54</u>	<u>(334.33)</u>
Cash and cash equivalents at the beginning of the year	168.21	502.54
Cash and cash equivalents at the end of the year	<u>2,294.75</u>	<u>168.21</u>

The accompanying notes are an integral part of the Standalone Financial Statements.  
This is the Standalone Statement of Cash Flows referred to in our report of even date

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

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

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**Amarnath**

**Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248



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

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

Particulars	Equity	Instruments entirely equity in nature (CCD)	Other Equity				Total
			Reserves and Surplus			Asset Revaluation Reserve	
	Share Capital	Capital Reserve	Capital Redemption Reserve	Retained earnings			
<b>Balance at April 1, 2019</b>	3,030.30	23,563.05	(33,130.94)	0.71	2,273.46	4,463.78	(26,392.99)
Profit / (loss) for the year	-	-	-	-	(976.54)	-	(976.54)
Depreciation on revalued assets	-	-	-	-	190.87	(190.87)	-
Issue of Zero Coupon Compulsorily Convertible Debentures	-	12,193.50	-	-	-	-	-
Redemption consequent to change in terms of the instruments	-	(10,860.00)	-	-	-	-	-
Other Comprehensive Income	-	-	-	-	(2.88)	603.52	600.64
<b>Balance at March 31, 2020</b>	3,030.30	24,896.55	(33,130.94)	0.71	1,484.91	4,876.43	(26,768.89)
Profit / (loss) for the year	-	-	-	-	2,666.48	-	2,666.48
Depreciation on revalued assets	-	-	-	-	191.70	(191.70)	-
Issue of Zero Coupon Compulsorily Convertible Debentures	-	12,553.35	-	-	-	-	-
Redemption consequent to change in terms of the instruments	-	(24,553.35)	-	-	-	-	-
Add: Other Comprehensive Income	-	-	-	-	1.29	29.82	31.11
<b>Balance at March 31, 2021</b>	<b>3,030.30</b>	<b>12,896.55</b>	<b>(33,130.94)</b>	<b>0.71</b>	<b>4,344.38</b>	<b>4,714.55</b>	<b>(24,071.30)</b>

Statement on Significant Accounting Policies and Notes to the Standalone Financial Statements are an integral part of this Standalone Statement of Changes in Equity. This is the Standalone Statement of changes in equity referred to in our report of even date.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

**Chemplast Cuddalore Vinyls Limited**

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**Amarnath Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

## **Chemplast Cuddalore Vinyls Limited**

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

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

#### **1 Corporate Information**

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

#### **2 Basis of Preparation**

##### **2.1 Changes in accounting policies and disclosures**

###### **New and amended standards and interpretations:**

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

###### Amendments to Ind AS 103: Definition of a Business

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

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

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

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

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

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

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

##### **2.2. Statement of Compliance:**

These standalone financial statements of the Company have been prepared and presented from April 1, 2020 to March 31, 2021 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

- a. derivative financial instruments
- b. investment in unquoted equity shares
- c. Property, Plant and equipment under revaluation model

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

##### **2.3. Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

**2.3. Current versus non-current classification (Continued)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

**2.4. Covid-19 and its impact on the Company's business**

The outbreaks of Corona virus pandemic have resulted in significant hardships in economic activities in the country and to an extent the Company's business too. The Government enforced lockdowns from time to time has caused impact on the operations of the Company including stoppage of production, supply chain disruption, etc. There is also a significant volatility in prices of the petrochemical products, primarily driven by external market forces.

As detailed in the relevant notes to these financial statements, the Company has made a detailed assessment of its liquidity position for the next one year and of the recoverability of the Company's assets comprising Property, plant and equipment and Inventories based on internal and external information up to the date of approval of these financial statements. Based on performance of sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to the Company's operations (wherever applicable), management expects to recover the carrying value of these assets.

The impact of Covid-19 may differ from that estimated as at the date of approval of these financial statements.

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

During the year ended March 31, 2021, the Company has made a profit/ (loss) before tax of Rs. 3,578.37 Million (Loss before tax (after exceptional items) of Rs.1,672.11 Million for the comparative year ended March 31, 2020). The management expects the demand for the Company's products to follow the recent trend established towards the end of the current year and considering the overall deficit in the PVC capacity in India, the Company is confident that it would be able to operate its plant at optimal capacity to generate profitable operations for the foreseeable future.

The Company also has a net current liability position of Rs. 8,017.84 million as at March 31, 2021 (net current liability position of Rs. 11,329.13 million as at March 31, 2020) primarily facilitated by the extended credit terms offered by its key suppliers of inputs. Considering the adverse impact of Covid-19 on the Company's operations and cash flows, the management has negotiated extension of due dates obtaining favorable credit terms with vendors for key raw materials to ensure adequate supply of inputs for operations, availed moratorium on facilities from its bankers for making payments of principal instalments and interest on its borrowings etc.

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

**3. Significant Accounting Policies**

**3.1. Foreign currency transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing as on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currency are converted at year-end rates. Exchange differences arising on settlement / conversion are adjusted in the Statement of Profit and Loss.

**3.2. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values,

## Chemplast Cuddalore Vinyls Limited

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

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

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.

#### 3.2. Measurement of fair values (Continued)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For the purpose of fair value disclosures, the Company has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Disclosures for valuation methods, significant estimates and assumptions (Note 48)
- ▶ Quantitative disclosures of fair value measurement hierarchy (Note 36.1)
- ▶ Investment in unquoted equity shares (Note 15).

#### 3.3. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

##### Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### 3.3.1. Financial Assets

###### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

###### ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- a. Debt instruments at amortised cost;
- b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);

###### a. Debt instruments at amortised cost;

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 37.8.1.

###### b. Financial assets at FVTPL

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

All equity investments in scope of Ind AS 109 are measured at fair value Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive

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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 36.2.

#### **3.3.1.1. Impairment of financial assets**

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

#### **3.3.1.2. Derecognition of financial assets**

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

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

#### **3.3.2. Investments at cost**

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

### **3.3.3. Financial liabilities and equity instruments**

#### **3.3.3.1. Classification as debt or equity**

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

#### **3.3.3.2. Equity instruments**

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

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

#### **3.3.3.3. Convertible debt instruments**

Convertible debt instruments are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible debt instruments, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent periods.

Transaction costs are apportioned between the liability and equity components of the convertible debt instruments based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

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

#### **3.3.3.4. Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### **3.3.3.5. Financial Guarantees**

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

#### **3.3.3.6. Financial liabilities at FVTPL**

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 36.2.

#### **3.3.3.7. Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of

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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 recognized in statement of profit or loss.

#### **3.3.4. Offsetting of financial instruments:**

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

#### **3.3.5. Effective interest method**

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

#### **3.3.6. Derivative financial instruments**

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

### **3.4. Property, plant and equipment**

#### **3.4.1. Recognition and measurement**

Property, Plant & Equipment are initially recognised at cost.

Property, plant and equipment were valued at cost model net of accumulated depreciation until March 31, 2019. Cost includes purchase price, including duties and non-refundable taxes, costs that are directly relatable in bringing the assets to the present condition and location. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

On March 31, 2019, the Company had elected to change the method of accounting for land, buildings and plant and equipment classified as property, plant and equipment, as the Company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the land, buildings and plant and equipment's fair value. The Company applied the revaluation model prospectively. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The gross carrying amount was restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Apart from the above, the Company follows the cost model for Motor cars, Office equipments, Furniture & Fittings. Other assets are measured at cost less 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.

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Particulars	Useful Life (In Years)
Buildings	20 – 60
Plant and equipment	1 – 65
Vehicles	3 – 13
Computers and peripherals	3
Office equipments	3 – 5
Furniture and fixtures	5

**3.4. Property, plant and equipment (Continued)**

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

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

**3.5. Inventories**

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

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

**3.6. Retirement and Employees benefits**

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

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

**Provident Fund / Employee State Insurance:**

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

**Gratuity**

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

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

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

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

**Termination Benefits**

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

**3.7. Revenue recognition****Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.



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#### **Contract Balances**

##### **Contract assets**

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

##### **Trade receivables**

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

### **3.7. Revenue recognition (Continued)**

#### **Contract liabilities**

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

#### **Variable consideration:**

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

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

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

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

#### **Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### **Service Income**

Income from services rendered is recognised at a point in time based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

#### **Share of income from partnership firm**

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

#### **Interest income**

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

### **3.8. Leases**

Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

#### **ii) Lease liabilities**

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

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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.

## **3.9. Taxes**

### **Income Tax**

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

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

### **Deferred tax**

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

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

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

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

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

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

Current tax / deferred tax relating to items recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax / deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment :

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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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.

**3.10. Cash and cash equivalents**

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

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

**3.11. Provisions and contingencies**

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

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

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

**3.12. Government grants**

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

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

**3.13. Intangible assets**

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

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

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

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

**3.14. Borrowing costs**

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

## **Chemplast Cuddalore Vinyls Limited**

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

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

#### **3.15. Impairment of non-financial assets**

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

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

#### **3.16. Earnings per share**

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

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

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**Chemplast Cuddalore Vinyls Limited**

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Note : 4</b>		
<b>Revenue from operations</b>		
<b>(i) Revenue from contract with customers *</b>		
Revenue from the sale of manufactured goods	24,855.18	18,785.47
Revenue from the sale of traded goods	248.67	-
Artwork and designing charges	-	0.37
Agency commission	-	0.13
<b>(ii) Other operating revenue</b>		
Revenue from sale of scrap	3.26	3.55
Revenue from export incentives	0.28	-
	<b>25,107.39</b>	<b>18,789.52</b>

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

Revenue as per Contracted Price	25,648.32	19,606.75
<i>Adjustments towards:</i>		
Volume Rebates	234.37	309.64
Price concessions	236.45	290.84
Special discounts	73.65	220.81
Revenue as per statement of profit and loss	<b>25,103.85</b>	<b>18,785.47</b>

**Contract Balances**

**Particulars**

Trade Receivables (Contract Asset)	<b>60.55</b>	20.25
Advance from customers (Contract Liabilities)	<b>92.21</b>	303.17
Revenue recognised from opening contract liabilities	<b>303.17</b>	90.01
Revenue recognised from contracts with customers (including other operating revenue)		
- Outside India	<b>22.03</b>	-
- Within India	<b>25,085.36</b>	18,789.52

\*The entire revenue is recognised at a point in time coinciding with the transfer of control over goods and services as per Ind AS115

**Note : 5**

**Other income**

Distribution of profit received from partnership firm	-	3.17
Gain on disposal of property, plant and equipment (net)	0.33	-
Provisions no longer required written back	4.76	0.02
Amortization of government grant	5.81	26.93
Interest Income on financial assets at amortised cost	94.99	67.05
Miscellaneous income	0.15	16.69
	<b>106.04</b>	<b>113.86</b>

**Note : 6**

**(a) Cost of materials consumed**

Inventories of materials at the beginning of the period	810.26	1,244.66
Add: Purchases	16,975.44	14,687.68
Less: Inventories of materials at the end of the period	1,253.40	810.26
	<b>16,532.30</b>	<b>15,122.08</b>
<b>(b) Purchase of traded goods</b>	310.78	-
	<b>310.78</b>	-

**Chemplast Cuddalore Vinyls Limited**

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Note : 7</b>		
<b>Changes in inventories of finished goods, traded goods and work in progress</b>		
Inventories at the beginning of the period		
Work in progress	15.02	15.27
Finished goods	370.49	468.99
Traded goods	-	-
	<u>385.51</u>	<u>484.26</u>
Inventories at the end of period		
Work in progress	21.14	15.02
Finished goods	135.90	370.49
Traded goods	113.96	-
	<u>271.00</u>	<u>385.51</u>
	<u><b>114.51</b></u>	<u><b>98.75</b></u>
<b>Note : 8</b>		
<b>Employees' benefit expense</b>		
Salaries and wages	341.01	334.06
Contribution to provident and other funds	13.05	12.88
Gratuity Expense (Refer note 47)	4.44	3.89
Staff welfare expenses	6.06	4.64
	<u>364.56</u>	<u>355.47</u>
<b>Note : 9</b>		
<b>Other expenses</b>		
Power and fuel	486.24	551.57
Stores consumed	409.76	415.81
Commission on sales	79.11	81.77
Rent	1.68	0.97
Insurance	57.52	57.77
Rates and taxes	12.85	7.44
Repairs and maintenance		
- Machinery	72.19	56.84
- Building	7.08	9.47
- Others	36.41	41.04
Freight and handling	83.35	113.98
Difference in foreign exchange (net) *	437.62	566.51
Operation & Maintenance expenses	103.33	97.25
Legal and professional fees	22.41	101.69
Payment to auditor ^	3.59	4.20
Miscellaneous expenses (Also refer note 46)	269.13	242.84
	<u>2,082.27</u>	<u>2,349.15</u>
Expense relating to short term leases (included in other expenses)	1.68	0.97
*Net of fair value loss on derivative instruments at FVTPL of Rs.566.49 Million (2019-20 :Gain Rs. 935.53 Million)		
^ Payment to auditor		
For Statutory Audit	2.66	3.06
For Tax Audit	0.43	0.39
For Limited Review	0.32	0.48
For Certification Services	0.17	0.17
For Other Services	-	0.10
For Reimbursement of Expenses	0.01	-
	<u>3.59</u>	<u>4.20</u>

**Chemplast Cuddalore Vinyls Limited**

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
<b>Note : 11</b>		
<b>Finance costs</b>		
Interest on bank overdrafts and loans	1,290.05	834.19
Other finance costs	504.54	329.22
Bank charges	2.34	1.19
	<b>1,796.93</b>	<b>1,164.60</b>
<b>Note: 12</b>		
<b>Income tax expenses</b>		
<u>Current Tax:</u>		
Current Income tax charge	(678.60)	-
Adjustments in respect of current income tax of prior years	-	174.03
<u>Deferred tax:</u>		
Relating to origination and reversal of temporary differences	(233.29)	521.54
Income tax expense reported in statement of profit and loss	<b>(911.89)</b>	<b>695.57</b>
<u>Other comprehensive income (OCI):</u>		
Net loss/(gain) on remeasurements of defined benefit obligations	(0.44)	0.99
Income tax charged to OCI	<b>(0.44)</b>	<b>0.99</b>

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

The tax on the company's loss before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (25.1680%\*) as follows:

Accounting profit before tax	3,578.37	(1,672.11)
Profit before Income tax multiplied by standard rate of corporate tax in India (25.1680%) (March 31, 2020: 25.6256%) as follows:	(900.60)	428.49
<b>Effects of:</b>		
Impact of Government grant being recognised on below-par loan from Government	1.46	6.90
Inadmissible expenses	(8.51)	(5.74)
Impact of reversal of income tax provision relating to earlier years	-	95.03
Effect of change in substantively enacted tax rates	4.81	193.57
Leashold land rent charges claimable under Income Tax	(13.30)	(25.73)
Others	4.25	3.03
Net effective Income tax	<b>(911.89)</b>	<b>695.57</b>

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

**Note 13**

**Components of Other Comprehensive Income (OCI)**

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

During the period ended 31 March 2021	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	1.29		1.29
Adjustment of deferred tax liability relating to assets revalued on change in tax rates		29.82	29.82
	<b>1.29</b>	<b>29.82</b>	<b>31.11</b>
During the period ended 31 March 2020	Retained Earnings	Revaluation Reserve	Total
Re-measurement gains/(losses) on defined benefit obligations	(2.88)		(2.88)
Adjustment of deferred tax liability relating to assets revalued on change in tax rates		603.52	603.52
	<b>(2.88)</b>	<b>603.52</b>	<b>600.64</b>

**Chemplast Cuddalore Vinyls Limited****Notes forming part of standalone financial statements for the year ended March 31, 2021**

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

	Year ended March 31, 2021	Year ended March 31, 2020
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**Note 14****Earnings per share [EPS]:**

Basic EPS is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the period.

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 period 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 :

Profit/(Loss) after tax	2,666.48	(976.54)
Earnings used in the calculation of earnings per share	2,666.48	(976.54)
Weighted average number of Equity shares for basic & Diluted EPS	559,049,511	496,142,647

**Basic and diluted earnings per share**

Basic earnings per share	4.77	(1.97)
Diluted earnings per share	4.77	(1.97)

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**Chemplast Cuddalore Vinyls Limited**

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

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

**Note : 10**

**Property, plant and equipment**

<b>Particulars</b>	<b>Freehold land</b>	<b>Leasehold land</b>	<b>Buildings</b>	<b>Plant and equipment</b>	<b>Furniture and fixtures</b>	<b>Office equipments</b>	<b>Vehicles</b>	<b>Total</b>
<b><i>Cost or valuation</i></b>								
Balance at April 01, 2019	571.60	405.10	659.17	9,397.85	13.00	4.32	8.39	11,059.43
Additions	4.23	10.24	5.78	94.04	0.37	0.59	7.41	122.66
Disposals	-	-	-	-	-	-	2.48	2.48
Balance As at March 31, 2020	575.83	415.34	664.95	9,491.89	13.37	4.91	13.32	11,179.61
Additions	-	52.84	1.49	66.86	4.63	0.01	1.67	127.50
Disposals	-	-	-	3.43	-	-	1.54	4.97
Balance As at March 31, 2021	575.83	468.18	666.44	9,555.32	18.00	4.92	13.45	11,302.14
<b><i>Accumulated depreciation</i></b>								
Balance at April 01, 2019	-	-	-	1.10	3.67	1.50	1.25	7.52
Depreciation expense	-	4.75	29.16	379.03	1.49	0.26	1.80	416.49
Eliminated on disposals of assets	-	-	-	-	-	-	0.73	0.73
Balance As at March 31, 2020	-	4.75	29.16	380.13	5.16	1.76	2.32	423.28
Depreciation expense	-	4.93	29.28	391.66	6.02	0.27	1.55	433.71
Eliminated on disposals of assets	-	-	-	3.43	-	-	0.13	3.56
Balance As at March 31, 2021	-	9.68	58.44	768.36	11.18	2.03	3.74	853.43
<b>Net Block</b>								
Balance As at March 31, 2021	575.83	458.50	608.00	8,786.96	6.82	2.89	9.71	10,448.71
Balance As at March 31, 2020	575.83	410.59	635.79	9,111.76	8.21	3.15	11.00	10,756.33

**Chemplast Cuddalore Vinyls Limited**

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

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

**Note : 10 (continued)**

**Property, plant and equipment ( continued)**

**Revaluation of Property, Plant and Equipment**

Fair value of property, plant and equipment was determined by using the market value method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation of 31 March 2019, the Buildings and Plant & Equipments' fair values are based on valuations performed by RBSA Valuation Advisors LLP an accredited independent valuer who has relevant valuation experience in India and Freehold Lands' fair values are based on valuations performed by N.Ayyappan a Chartered Engineer and Govt. Registered Valuer.

**Information of revaluation model:**

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

Net book value	<u>31/03/21</u>	<u>31/03/20</u>
	INR Million	INR Million
Cost	5,218.43	5,095.90
Accumulated depreciation and impairment	1,060.50	886.43
<b>Net carrying amount</b>	<b><u>4,157.93</u></b>	<b><u>4,209.47</u></b>

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

The Company uses the following hierarchy for determining and disclosing the fair value of its freehold land, buildings and plant and equipment:

	<b>Fair value measurement using</b>			
		<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Rs Million</b>	<b>Rs Million</b>	<b>Rs Million</b>	<b>Rs Million</b>
<b>Assets measured at fair value:</b>				
<i>March 31, 2021</i>				
Revalued Property, Plant and Equipment				
Freehold Land	575.83	-	575.83	-
Leasehold Land	458.50	-	458.50	-
Buildings	608.00	-	-	608.00
Plant and Machinery	8,786.96	-	-	8,786.96
	<b><u>10,429.29</u></b>	<b>-</b>	<b><u>1,034.33</u></b>	<b><u>9,394.96</u></b>
<b>Assets measured at fair value:</b>				
<i>March 31, 2020</i>				
Revalued Property, Plant and Equipment				
Freehold Land	575.83	-	575.83	-
Leasehold Land	410.59	-	410.59	-
Buildings	635.79	-	-	635.79
Plant and Machinery	9,111.76	-	-	9,111.76
	<b><u>10,733.97</u></b>	<b>-</b>	<b><u>986.42</u></b>	<b><u>9,747.55</u></b>

Significant Observable and unobservable Valuation Inputs :

The value of land was determined based on condition, location, demand, supply in and around and other infrastructure facility available at and around the said plot of land. Land which was based on government promoted industrial estates, was measured on the present fair market value depending on the condition of the said estates, its location and availability of such plots in the said industrial estate.

The valuation of Buildings and Plant and equipment was based on its present fair market value after allowing for the depreciation of the particular assets, as well as the present condition of the assets (Depreciated Replacement Cost Method). The replacement value of the said assets as well as its maintenance up-keep is considered while working out its present fair value.

**Chemplast Cuddalore Vinyls Limited**

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

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

	As at March 31, 2021	As at March 31, 2020
<b>Note : 15</b>		
<b>Investments at FVTPL</b>		
<b>Investments in the shares of bodies corporate</b>		
<u>Unquoted fully paid equity shares</u>		
Sai Regency Power Corporation Private Limited	-	6.00
<b>Investments at cost - Investment in associates</b>		
<u>Compulsorily Convertible Preference Shares (CCPS)</u>		
Sanmar Group International Limited	-	12,000.00
Aggregate value of unquoted investments	<u>-</u>	<u>12,006.00</u>
(Also refer to Note No.39 for details of investments)		
<b>Note : 16</b>		
<b>Other non-current financial assets</b>		
(Unsecured, considered good)		
Security deposits	78.39	15.82
	<u>78.39</u>	<u>15.82</u>
<b>Note : 17</b>		
<b>Other non-current assets</b>		
Security Deposit - Government Authorities	13.04	12.93
Capital Advances	25.64	1.93
	<u>38.68</u>	<u>14.86</u>
<b>Note : 18</b>		
<b>Inventories</b>		
Raw materials	19.93	29.79
Work-in-progress	21.14	15.02
Finished goods	135.90	370.49
Traded goods	113.96	-
Stores and spares	174.02	184.74
Intermediates	1,233.47	780.47
	<u>1,698.42</u>	<u>1,380.51</u>
As at March 31, 2020 Inventories with a value of Rs. 1,165.98 Million were carried at net realizable value. This was after considering a charge to the statement of profit and loss of Rs.1,068.95 Million for the year ended March 31, 2020 towards write-down of inventories to their net realisable value. During the year ended March 31, 2021, Rs. 812.72 Million (PY Rs. Nil) was utilized or released to the statement of profit and loss from such written-down value of inventory.		
<b>Note :</b>		
Inventories includes Goods in transit		
Intermediates	911.57	532.07
Stores and Spares	4.53	0.55
	<u>916.10</u>	<u>532.62</u>
<b>Note : 19</b>		
<b>Trade receivables</b>		
<b>Unsecured, considered good**</b>		
Receivable from related party (Refer Note 38)	-	-
Receivable from others	60.55	20.25
	<u>60.55</u>	<u>20.25</u>
** Trade Receivables are non interest bearing and are generally on terms of 1-60 days		

**Chemplast Cuddalore Vinyls Limited****Notes forming part of standalone financial statements for the year ended March 31, 2021 - continued**

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

	As at March 31, 2021	As at March 31, 2020
<b>Note : 20</b>		
<b>Cash and cash equivalents</b>		
Bank balances		
-in current account	535.15	164.96
-Deposits with original maturity of less than three months	1,759.50	-
Cheques on hand	-	3.17
Cash on hand	0.10	0.08
	<u>2,294.75</u>	<u>168.21</u>
<b>Note : 21</b>		
<b>Other bank balances</b>		
Margin deposits (Refer Note 27)	2,725.92	503.30
	<u>2,725.92</u>	<u>503.30</u>
<b>Note : 22</b>		
<b>Other current financial assets</b>		
(unsecured, considered good)		
Security deposits	0.52	0.52
Sundry receivable	30.06	9.27
Claims receivables	33.46	33.16
Interest receivable	12.96	2.28
	<u>77.00</u>	<u>45.23</u>
<b>Note : 23</b>		
<b>Other current assets</b>		
Prepaid expenses	7.53	7.21
Balances with Government authorities	-	82.53
Advances given to suppliers	138.95	87.51
	<u>146.48</u>	<u>177.25</u>

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**Chemplast Cuddalore Vinyls Limited**

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

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

	As at March 31, 2021	As at March 31, 2020
<b>Note : 24</b>		
<b>Equity Share Capital</b>		
<b>Authorised</b>		
304,080,000 Equity shares of Rs.10 each	3,040.80	3,040.80
8,000 cumulative redeemable preference shares of Rs.100/- each	0.80	0.80
	<u>3,041.60</u>	<u>3,041.60</u>
<b>Issued</b>		
303,030,303 equity shares of Rs.10/- each	<u>3,030.30</u>	<u>3,030.30</u>
<b>Subscribed and fully paid-up</b>		
303,030,303 equity shares of Rs.10/- each	<u>3,030.30</u>	<u>3,030.30</u>
	<u>3,030.30</u>	<u>3,030.30</u>

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

Particulars	No. of Shares	Share Capital
Balance at 1 April 2019	303,030,303	3,030.30
Issued during the year	-	-
Balance at 31 March 2020	<u>303,030,303</u>	<u>3,030.30</u>
Issued during the year	-	-
Balance at 31 March 2021	<u>303,030,303</u>	<u>3,030.30</u>

**Shares Held by Holding company and its subsidiaries**

Chemplast Sanmar Limited (Holding Company) & its nominees of face value of Rs.10 each.

(Previous year - Sanmar Engineering Services Limited (Holding Company) & its nominees of face value of Rs.10 each).

**Rights, Preferences and Restrictions attached to shares**

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

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

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Chemplast Sanmar Limited (Holding Company) & its nominees of face value of Rs.10 each	303,030,303	100%	-	
Sanmar Engineering Services Limited (Holding Company) & its nominees of face value of Rs.10 each			303,030,303	100%

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**Chemplast Cuddalore Vinyls Limited**

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

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

	As at March 31, 2021	As at March 31, 2020
<b>Note : 25</b>		
<b>Instruments entirely equity in nature</b>		
<b>Reconciliation of CCD outstanding at the beginning and at the end of the period</b>		
	<b>No. of CCD</b>	<b>Amount</b>
Balance at 1 April 2019	235,630,500	23,563.05
Issued during the year	121,935,000	12,193.50
Redeemed during the year	(108,600,000)	(10,860.00)
Balance at 31 March 2020	248,965,500	24,896.55
Issued during the year	125,533,516	12,553.35
Redeemed during the year	(245,533,516)	(24,553.35)
Balance at 31 March 2021	<b>128,965,500</b>	<b>12,896.55</b>

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

- (i) The Zero Coupon Compulsorily Convertible Debentures (CCD) shall not carry any interest.
- (ii) 18,189,562 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 30, 2030
- (iii) 32,343,954 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 30, 2030
- (iv) 37,500,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 29, 2030
- (v) 37,500,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 29, 2030
- (vi) 735,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 31, 2029
- (vii) 1,200,000 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 31, 2029
- (viii) 1,496,984 CCD issued are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than March 20, 2029
- (ix) The application for CCD shall be deemed to be the application for Shares when the conversion takes place.
- (x) The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.
- (xi) The CCD are not marketable securities and can be transferred only at the discretion of the Company.
- (xii) The equity shares to be issued on conversion shall rank pari passu in all respects with the equity shares existing on the date of conversion.

**Note: 26**

<b>Other Equity</b>	As at March 31, 2021	As at March 31, 2020
Asset Revaluation reserve (Refer B below)	4,714.55	4,876.43
Retained earnings (Refer A below)	4,344.38	1,484.91
Capital Redemption Reserve	0.71	0.71
Capital Reserve	(33,130.94)	(33,130.94)
	<b>(24,071.30)</b>	<b>(26,768.89)</b>
<b>(A) Retained Earnings</b>		
Balances at the beginning of the year	1,484.91	2,273.46
Profit / (Loss) for the year	2,666.48	(976.54)
Depreciation on revalued assets	191.70	190.87
Other Comprehensive Income	1.29	(2.88)
Balances at the end of the year	<b>4,344.38</b>	<b>1,484.91</b>
<b>(B) Asset Revaluation Reserve</b>		
Balances at the beginning of the year	4,876.43	4,463.78
Depreciation on revalued assets	(191.70)	(190.87)
Other Comprehensive Income	29.82	603.52
Balances at the end of the year	<b>4,714.55</b>	<b>4,876.43</b>

**Chemplast Cuddalore Vinyls Limited****Notes forming part of standalone financial statements for the year ended March 31, 2021 - continued**

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

	As at March 31, 2021	As at March 31, 2020
<b>Nature and purpose of reserves:</b>		
<b>Asset Revaluation Reserve:</b>		
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.		
<b>Capital reserve:</b>		
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.		
<b>Capital Redemption Reserve:</b>		
The Company had created Capital Redemption Reserve in respect of redemption of preference shares in accordance with Companies Act.		

**Note : 27****Non Current Borrowings**

	As at March 31, 2021	As at March 31, 2020
<b>Secured – at amortized cost</b>		
Term loan from Banks*	6,126.05	7,954.09
Term loan from Financial Institutions	1,974.13	-
SIPCOT Soft Loan	884.94	868.82
(A)	<u>8,985.12</u>	<u>8,822.91</u>
Less:		
<b>Current maturities of borrowings</b>		
Term loan from Banks	232.17	629.21
Term loan from Financial Institutions	343.95	-
(B)	<u>576.12</u>	<u>629.21</u>
(A) - (B)	<u>8,409.00</u>	<u>8,193.70</u>

**Summary of borrowing arrangements****Term Loan from Banks**

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

B. Corporate Guarantee of Sanmar Engineering Service Limited for Rs.8,250 Million towards the term loan, but limited to current outstanding of Rs.6,126.05 Million.

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

**Soft loan from SIPCOT**

A. Term loans from SIPCOT amounting to Rs. 884.94 Million (March 31, 2020: Rs. 868.82 Million) is secured by first pari passu charge on specific land, buildings and plant and machinery of the Company and Corporate Guarantee given by Chemplast Sanmar Limited to SIPCOT for the soft loan facility is Rs 3,318.60 Million but limited to the loan outstanding – Soft loan outstanding as on 31st March 2021 is Rs. 1,076.63 Million (March 31, 2020: Rs. 1,076.63 Million).

**Term loan from Financial Institution**

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

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

**Repayment of loans**

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

\*The Company has obtained a condonation during the current year in respect of the previous year but before the date of adoption of the financial statements, for breach of financial covenants from the Bank and hence it has continued to present the Borrowings as Non-Current Borrowings.

Note: Current interest rate of the above term loan is 11.75%

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

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

Note: Current interest rate of the above term loan is 10.75%

**Chemplast Cuddalore Vinyls Limited**

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

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

	As at March 31, 2021	As at March 31, 2020
<b>Note : 28</b>		
<b>Other non-current financial liabilities</b>		
Trade Deposits	15.50	19.50
Accrued salaries and benefits	2.94	68.45
Other Payables	14.98	15.07
	<u>33.42</u>	<u>103.02</u>

**Note : 29**

**Deferred tax liabilities / (Assets) (Net)**

A. Deferred tax liabilities:

Difference between book and tax written down value of depreciable Property, Plant & Equipment	2,236.24	2,333.93
Payments allowable in full under Income Tax but amortised over a period in books	98.00	75.60
MTM/Forward Premium claimable in future	(4.84)	154.64
Difference in allowable expenditure on foreign exchange contracts	7.98	

B. Deferred tax assets:

Difference in allowable expenditure on foreign exchange contracts	-	(159.01)
Unabsorbed Depreciation / Carried Forward Business Losses	-	(438.78)
Expenses allowable on payment basis	(194.81)	(17.53)
Others	0.89	(9.30)
	<u>2,143.46</u>	<u>1,939.55</u>

**Reconciliation of deferred tax liabilities (net):**

Opening Balance	1,939.55	3,065.60
Change in Statement of Profit and Loss	233.29	(521.54)
Change in Other Comprehensive Income	(29.38)	(604.51)
<b>Closing Balance</b>	<u>2,143.46</u>	<u>1,939.55</u>

**Note : 30**

**Other non-current liabilities**

Government grant*	132.29	138.10
	<u>132.29</u>	<u>138.10</u>

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

**Note : 31**

**Current Borrowings**

*Secured – at amortized cost*

Buyer's credit	-	691.57
	<u>-</u>	<u>691.57</u>

**Security Particulars :**

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

**Note : 32**

**Trade payables**

Payable to related party (Refer Note 38)	0.96	1.14
Payable to others *	13,462.37	11,811.96
	<u>13,463.33</u>	<u>11,813.10</u>

\* General Terms: The average credit period varies for each product between 1 to 270 days. No interest is charged for the initial period of 60 days. Thereafter interest is charged at LIBOR + Spread on the outstanding balance.

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

\* Includes dues for payment to Micro and Small enterprises Rs. 22.65 Million (March 31, 2020: Rs. 13.18 Million) (Refer Note 43)



**Chemplast Cuddalore Vinyls Limited****Notes forming part of standalone financial statements for the year ended March 31, 2021 - continued**

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

	As at March 31, 2021	As at March 31, 2020
<b>Note : 33</b>		
<b>Derivative Instruments</b>		
Derivative Liability / (Asset) <sup>#</sup>	111.04	(455.46)
	<u>111.04</u>	<u>(455.46)</u>

# While the Company entered into foreign exchange forward contracts with the intention of reducing foreign exchange risk of purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss

**Note : 34****Other current financial liabilities***Current maturities of borrowings*

- Term loan from Banks	232.17	629.21
- Term Loan from Financial Institutions	343.95	-
Payable / Accrual towards Capital Expenditure	6.48	3.23
Accrued salaries and benefits	204.34	78.69
Sundry Payable to related party (Refer Note 38)	-	216.81
Other Payables	313.38	275.28
	<u>1,100.32</u>	<u>1,203.22</u>

**Note : 35****Other current liabilities**

Government grant	5.81	5.81
Advance from customers	92.21	303.17
Withholding and other tax payables	19.02	8.93
Other Liabilities	51.65	53.53
	<u>168.69</u>	<u>371.44</u>

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**Chemplast Cuddalore Vinyls Limited**

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

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

**Note:36**

**Financial instruments**

**36.1 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).

	<b>Fair value hierarchy as at March 31,2021</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Liabilities measured at fair value</b>			
Derivative liabilities	-	111.04	-
<b>Fair value hierarchy as at March 31,2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial Assets measured at fair value</b>			
Investments	-	-	6.00
Derivative assets	-	455.46	-

**36.2 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:

	<b>Carrying value</b>		<b>Fair value</b>	
	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>Financial assets</b>				
Investments	-	6.00	-	6.00
<b>Other financial assets:</b>				
Deposits	2,804.83	519.64	2,804.83	519.64
Sundry receivables	30.06	9.27	30.06	9.27
Claims receivable	33.46	33.16	33.46	33.16
Trade receivables	60.55	20.25	60.55	20.25
Cash and cash equivalents	2,294.75	168.21	2,294.75	168.21
<b>Total</b>	<b>5,223.65</b>	<b>756.53</b>	<b>5,223.65</b>	<b>756.53</b>
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Floating rate borrowings	8,100.18	7,954.09	8,100.18	7,954.09
Fixed rate borrowings	884.94	1,560.39	884.94	1,560.39
Trade payables	13,463.33	11,813.10	13,463.33	11,813.10
<b>Other financial liabilities:</b>				
Accrued salaries and benefits	207.28	147.14	207.28	147.14
Other payables	350.34	313.08	350.34	313.08
<b>Derivatives not designated as hedge</b>				
Derivative (asset) / liability	111.04	(455.46)	111.04	(455.46)
<b>Total</b>	<b>23,117.11</b>	<b>21,332.34</b>	<b>23,117.11</b>	<b>21,332.34</b>

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

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

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

**Chemplast Cuddalore Vinyls Limited****Notes forming part of standalone financial statements for the year ended March 31, 2021 - continued**

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

**Note:37****Financial instruments****37.1 Capital management**

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

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

**Gearing ratio**

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

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Borrowings	8,985.12	9,514.48
Cash and Cash Equivalents	2,294.75	168.21
Net debt	<u>6,690.37</u>	<u>9,346.27</u>
Equity (ii)	(8,144.45)	1,157.96
Gearing Ratio	(0.82)	8.07

(i) Debt is defined as long and short-term borrowings (excluding derivatives)

(ii) Equity includes all capital, compulsorily convertible debentures and reserves of the Company that are managed as capital.

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

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>37.2.1 Financial assets at amortised cost</b>		
Cash and cash equivalents (Note 20)	2,294.75	168.21
Other bank balances (Note 21)	2,725.92	503.30
Trade receivables (Note 19)	60.55	20.25
Other financial assets (Note 16 & 22)	155.39	61.05
Total	<b>5,236.61</b>	<b>752.81</b>
<b>37.2.2 Financial liabilities- At amortised cost</b>		
Borrowings (Note 27, 31 & 34)	8,985.12	9,514.48
Trade payables (Note 32)	13,463.33	11,813.10
Other financial liabilities (Note 28 & 34)	557.62	677.03
Total	<b>23,006.07</b>	<b>22,004.61</b>

**37.3 Financial risk management objectives**

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

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

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

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

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

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

**37.4 Market risk**

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

**37.5 Foreign currency risk management**

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The currencies, in which these transactions primarily are denominated in American Dollars (USD). The Company may use forward exchange contract towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities 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.

**37.5.1 Foreign currency sensitivity analysis**

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

Particulars	Change in currency exchange rate	Impact on post tax profits and equity	
		March 31, 2021	March 31, 2020
USD	1%	63.66	86.93

**37.6 Commodity price risk**

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

Prices of PVC manufactured by the Company are monitored by Company's management and adjusted to respond to change in import parity price of PVC in Indian market. The prices of VCM (Input) and PVC (Output) generally move in the same direction thereby maintaining the margins more or less at the same levels over a period of time. Therefore the Company is not significantly exposed to the variation in commodity prices over a period for the above products.

**37.7 Interest rate risk management**

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

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

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

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

**37.8 Credit risk management**

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

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

**Chemplast Cuddalore Vinyls Limited****Notes forming part of standalone financial statements for the year ended March 31, 2021 - continued**

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

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

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2021, that defaults in payment obligations will occur.

**37.8.1 Trade receivables**

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

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

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2021	60.55	-	-	<b>60.55</b>
Trade Receivables as of March 31, 2020	20.25	-	-	<b>20.25</b>

**37.8.2 Financial instruments and cash deposits**

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

**37.9 Liquidity risk management**

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

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

	<b>March 31, 2021</b>	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		1,597.04	33.42	1,630.46
Interest bearing		13,077.66	8,408.99	21,486.65
		<b>14,674.70</b>	<b>8,442.41</b>	<b>23,117.11</b>
	<b>March 31, 2020</b>	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		1,768.67	103.02	1,871.69
Interest bearing		11,939.22	8,193.70	20,132.92
		<b>13,707.89</b>	<b>8,296.72</b>	<b>22,004.61</b>

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**Chemplast Cuddalore Vinyls Limited**
**Notes forming part of standalone financial statements for the year ended March 31, 2021 - continued**

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

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

Sanmar Engineering Services Limited	Ultimate holding Company (from March 31, 2021)
Sanmar Engineering Services Limited	Holding Company (up to March 30, 2021)
Chemplast Sanmar Limited	Holding Company (from March 31, 2021)

**Joint Ventures**

Mowbrays Corporate Finance (Up to December 19, 2019)

**Fellow Subsidiaries**

Chemplast Sanmar Limited (Up to March 30, 2021)  
 Sanmar Group International Limited (Up to March 17, 2020 and from March 30, 2021 )  
 Sanmar Overseas Investments AG  
 TCI Sanmar Chemicals S.A.E.

**Associates**

Sanmar Group International Limited (From March 18, 2020 to March 29, 2021)

**Key Management Personnel**

Ramkumar Shankar (From April 01, 2020)  
 Amarnath Ananthanarayanan (From August 28, 2019)  
 Lavanya Venkatesh (Up to April 26, 2021)  
 Aditya Jain (From April 26, 2021)  
 Dr. Lakshmi Vijayakumar (From April 26, 2021)

**Terms and conditions of transactions with related parties:**

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties

This assessment is undertaken in each financial period through examining the financial position of related party and the market in which the related party operates

Description	Parties where control exists		Jointly Controlled Entities / Fellow Subsidiaries / Associates		Key Management Personnel	
	Apr 20 to Mar 21	Apr 19 to Mar 20	Apr 20 to Mar 21	Apr 19 to Mar 20	Apr 20 to Mar 21	Apr 19 to Mar 20
<b>Transactions during the period</b>						
<b>Sales</b>						
Chemplast Sanmar Limited	0.24	-	-	0.91	-	-
<b>Purchase of power</b>						
Chemplast Sanmar Limited	-	-	-	146.14	-	-
<b>Purchase of materials</b>						
Chemplast Sanmar Limited	7.28	-	-	7.86	-	-
<b>Purchase of MEIS Scrips</b>						
Chemplast Sanmar Limited	-	-	-	19.25	-	-
<b>Share of income from partnership firm</b>						
Mowbrays Corporate Finance	-	-	-	3.17	-	-
<b>Interest on Non convertible debentures</b>						
Sanmar Engineering Services Limited	-	81.93	-	-	-	-
<b>Remuneration</b>						
Ramkumar Shankar	-	-	-	-	12.74	-
<b>Investment made during the year</b>						
Mowbrays Corporate Finance	-	-	-	4,597.93	-	-
<b>Investment redeemed during the year</b>						
Mowbrays Corporate Finance	-	-	-	7,753.20	-	-
<b>Investment made during the year in CCPS</b>						
Sanmar Group International Limited	-	-	-	12,000.00	-	-
<b>Investment redeemed during the year in CCPS</b>						
Sanmar Group International Limited	-	-	12,000.00	-	-	-
<b>Expenses paid</b>						
Chemplast Sanmar Limited	0.08	-	-	0.36	-	-
<b>Redemption of compulsorily convertible debentures</b>						
Sanmar Engineering Services Limited	24,553.35	10,860.00	-	-	-	-
<b>Issue of Compulsorily Convertible Debentures</b>						
Chemplast Sanmar Limited	12,553.35	-	-	-	-	-
Sanmar Engineering Services Limited	-	12,193.50	-	-	-	-
<b>Balances as at year end</b>						
Investments	-	-	-	12,000.00	-	-
Sundry payables	-	-	-	216.81	-	-
Sundry receivable	-	-	6.38	6.62	-	-
Trade payables	0.96	-	-	1.14	-	-

## Chemplast Cuddalore Vinyls Limited

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

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

#### Note : 39

##### Details of Investment

	As at March 31, 2021	As at March 31, 2020
<u>Unquoted fully paid equity shares</u>		
Sai Regency Power Corporation Private Limited	-	6.00
March 31, 2021 : 600,000 (March 31, 2020: 600,000) Shares of face value Rs.10 each		

##### Compulsorily Convertible Preference Shares (CCPS)

Sanmar Group International Limited (Associate)	-	12,000.00
March 31, 2021 : Nil (March 31, 2020: 1,200,000,000) Compulsorily Convertible Preference Shares (CCPS) of Rs.10 each		

Chemplast Sanmar Limited ("CSL"), engaged in the business of manufacture and sale of speciality chemicals, acquired 100% of the shares of the Company from Sanmar Engineering Services Limited ("SESL") on 31st March 2021 and is holding company of the Company from that date. SESL continues to be the Ultimate Holding Company.

In addition, CSL has subscribed to the further issue of Zero Coupon Compulsorily Convertible Debentures ("ZCCD") aggregating to Rs 12553.35 Million at par in the Company, the terms of which are similar to the ZCCD outstanding as at December 31, 2020, given in Note 25.

The Company redeemed its entire investments in Compulsorily Convertible Preference Shares ("CCPS") in an associate company, Sanmar Group International Limited aggregating Rs 12000.00 Million, pursuant to change in terms of this instrument as agreed with the parties involved.

The Company redeemed the existing Zero Coupon Compulsorily Convertible Debentures ("CCD") of Rs.24553.35 Million, held by SESL pursuant to the change in terms of the instrument as agreed with the parties involved.

#### Note : 40

##### Segment Reporting

The Company's operations predominantly relate to manufacture and sales of Suspension Grade PVC Resin. The Board of Directors of the Company whom have been identified as the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of Ind-AS 108 "Operating Segments". The Company's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

#### Note : 41

##### Contingent liabilities \*

<i>Particulars</i>	As at March 31, 2021	As at March 31, 2020
A. Claims against the company not acknowledged as debts :		
- On account of Indirect Taxes	48.40	45.98
<b>Total</b>	<b>48.40</b>	<b>45.98</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.

#### Note : 42

##### Capital commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	73.73	20.12
	<b>73.73</b>	<b>20.12</b>

#### Note : 43

##### Dues to micro and small enterprises

As at March 31, 2021, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 32 have been determined to the extent such parties have been identified on the basis of information available with the Company.

#### Note: 44

##### Exceptional items:

The sudden steep fall in prices of crude oil and the global crisis on COVID-19, leading to lock down of major economies including India, had led to collapse of Petrochemical prices during March'20 and April'20 by almost 50%. Since both inputs and finished products price levels had been deflated, as a measure of conservatism, and in line with generally accepted accounting principles, the company had written down the carrying value of stocks of major intermediates and finished products, to levels corresponding to the net realizable value of finished products, leading to an exceptional charge of Rs.1,068.95 Million for the year ended March 31, 2020.

#### Note: 45

##### Impairment assessment

The Company has determined the recoverable amounts of its PVC plant located at Cuddalore under Ind AS 36 "Impairment of Assets" based on various assumptions / estimates relating to selling prices of PVC and purchase price of VCM (and consequently the gross margins), market demand for the Company's products resulting from the lockdown in the short to medium-term, exchange variations, inflation, terminal value etc., which are considered reasonable by the management. The Company has performed sensitivity analysis on the assumptions / estimates used basis internal and external information available up to the date of approval of these financial statements, and indicators of future economic conditions relevant to the Company's operations. Based on a careful evaluation of the aforesaid factors, the management has concluded that the recoverable value of the property, plant and equipment is higher than their carrying amounts as at March 31, 2021.

#### Note: 46

Miscellaneous expenses includes Rs.3.42 Million (PY 8.05 Million) towards expenditure on CSR against Nil (PY Rs.7.90 Million) to be spent as per the Companies Act, 2013.

**Chemplast Cuddalore Vinyls Limited**

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

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

**Note : 47**

**Employee benefit cost**

**Defined benefit plans**

Gratuity:

This is a defined benefit plan and the Company's Scheme is administered by Life Insurance Corporation of India (LIC). The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2021 by a private actuary.

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

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

Cost of defined benefit plans are as follows.

	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	4.33	3.76
Interest on obligation	2.80	2.68
Expected return on plan assets <i>(to the extent it represents an adjustment to interest cost)</i>	(2.69)	(2.55)

**Net cost recognised in the Statement of Profit and Loss**

4.44	3.89
------	------

Expected return on plan assets *(to the extent it does not represent an adjustment to interest cost)*

-	-
---	---

Actuarial (gains)/losses recognized in the year

(1.73)	3.88
--------	------

**Net gain recognised in the Other Comprehensive Income**

(1.73)	3.88
--------	------

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

	As at March 31, 2021	As at March 31, 2020
Present value of funded defined benefit obligation	48.18	43.98
Fair value of plan assets	48.70	34.13
Net Liability / (Asset)	(0.52)	9.85

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

	Year ended March 31, 2021	Year ended March 31, 2020
Opening fair value of plan assets	34.13	36.15
Expected return on plan assets	2.69	2.55
Actuarial gains/(losses)	(0.10)	(0.14)
Contributions from the employer	13.08	0.69
Transfer of obligations	(0.56)	-
Benefits paid	(0.54)	(5.11)
Closing fair value of plan assets	48.70	34.13



**Chemplast Cuddalore Vinyls Limited**

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

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

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

	Year ended March 31, 2021	Year ended March 31, 2020
Opening defined benefit obligation	43.98	38.22
Current service cost	4.33	3.76
Interest cost	2.80	2.68
Actuarial (gains)/losses	(1.83)	3.73
Transfer of obligations	(0.56)	0.69
Benefits paid	(0.54)	(5.11)
Closing defined benefit obligation	<u>48.18</u>	<u>43.98</u>
Actuarial (gain)/loss on obligations attributable to change in financial assumptions	(0.14)	0.04
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions	-	-
Actuarial (gain)/loss on obligations attributable to experience adjustments	(1.70)	3.69
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]		
Year 1	2.66	1.90
Year 2	2.84	1.83
Year 3	6.93	2.63
Year 4	4.68	8.86
Year 5	7.50	6.87
Years 6 through 10	22.18	22.07

**Notes:**

I. The entire plan assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC)

II. The expected / actual return on Plan assets is as furnished by LIC

III. The estimate of future salary increase takes in to account inflation, likely increments, promotions and other relevant factors.

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

The Company expects to make a contribution of Rs.7.19 Million to the defined benefit plans during the next financial year.

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

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	(0.44)	0.63	(3.80)
Decrease in discount rate by 1 %	0.46	0.26	4.40
Increase in salary escalation by 1 %	0.46	0.77	4.41
Decrease in salary escalation by 1 %	(0.44)	0.19	(3.88)

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## **Chemplast Cuddalore Vinyls Limited**

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

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

#### **Note : 48**

##### **Significant accounting judgements, estimates and assumptions**

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

##### **a. Judgements**

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

##### **b. Estimates and assumptions**

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

##### **Impairment of non-financial assets**

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

##### **Taxes**

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

##### **Defined benefit plans**

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

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

##### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.

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

The Company measures land, buildings, plant and machinery classified as property, plant and equipment at revalued amounts with changes in fair value being recognised in OCI. The Company had engaged an independent valuation specialist to assess fair value for revaluation of land, buildings, plant and equipment as at March 31, 2019. Fair value of land was determined by using the market approach and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 10.

#### **Note 49**

##### **Employees' benefits obligations**

##### **a. Defined contribution plan**

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

##### **b. Defined benefit plan**

##### **Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy. Fund is maintained with Life Insurance Corporation of India.

**Chemplast Cuddalore Vinyls Limited**

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

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

**Note 50**

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

For and on behalf of the Board of Directors of

**Chemplast Cuddalore Vinyls Limited**

-sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: July 16, 2021

-sd-

**Ramkumar Shankar**

Managing Director

DIN : 00018391

-sd-

**M Chandrasekar**

Chief Financial Officer

-sd-

**Amarnath**

**Ananthanarayanan**

Director

DIN : 02928105

-sd-

**M Raman**

Company Secretary

Memb No. ACS 06248

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Chemplast Cuddalore Vinyls Limited

### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Ind AS financial statements of Chemplast Cuddalore Vinyls Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of matter**

We draw attention to Note – 2.4 of the financial statements which describes the uncertainties and the impact of Covid-19 on the Company's liquidity position and the recoverability of the carrying value of Property, plant and equipment, Inventories and Investments as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' report but does not include the Ind AS financial statements and our auditor's report thereon. The Directors' report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the

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

### **Responsibility of Management for the Ind AS Financial Statements**

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

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

- (g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2020;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 41 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

-Sd-

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 20221268AAAAAM6328

Place of Signature: Chennai

Date: May 18, 2020

**Annexure 1 referred to in paragraph 1 of the section on report on other legal and regulatory requirements in our report of even date**

**Re: Chemplast Cuddalore Vinyls Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
  - (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on such physical verification have been properly adjusted in the books. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of investments made and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause 148(1) of the Act related to the manufacture of the Company's products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, customs duty, goods and service tax, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



(b) According to the records of the Company, the dues of service tax, customs duty, excise duty, on account of any dispute are as follows,

Name of the Statute	Nature of dues	Amount in INR (Lakhs)	Period which to the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	215.80	2011-12 to 2012-13	Central Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty / Service tax / Penalty	0.55	2009-10	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty / Service tax / Penalty	330.13	2007-08 to 2014-15	Central Excise and Service Tax Appellate Tribunal (CESTAT)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any outstanding debentures or loans from government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purpose for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, there are no transactions with the related parties which attract the provisions of Sections 177 and 188 of Companies Act, 2013.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of Section 42 of the Companies Act, 2013 in respect of the private placement of fully convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

-Sd-

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 20221268AAAAAM6328

Place of Signature: Chennai

Date: May 18, 2020

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CHEMPLAST CUDDALORE VINYL LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Chemplast Cuddalore Vinyls Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

-Sd-

**per Aravind K**

Partner

Membership Number: 221268

UDIN: 20221268AAAAAM6328

Place of Signature:

Date: May 18, 2020

**Chemplast Cuddalore Vinyls Limited**  
**Balance Sheet as at March 31, 2020**

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

Particulars	Note	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	107563.30	110519.20
Capital work-in-progress		435.19	208.44
Financial Assets			
(i) Investments	15	120060.00	60.00
(ii) Other Financial Assets	16	158.24	254.03
Other non-current assets	17	148.59	160.06
Non-Current tax assets		249.16	-
		<u>228614.48</u>	<u>111201.73</u>
<b>Current assets</b>			
Inventories	18	13805.09	18736.29
Financial Assets			
(i) Investments	19	-	31552.77
(i) Trade Receivables	20	202.53	499.15
(ii) Cash and cash equivalents	21	1682.02	5025.43
(iii) Derivative Assets	34	4554.55	-
(iv) Other Bank balances	22	5032.99	4.10
(v) Other Financial Assets	23	452.24	457.69
Other current assets	24	1772.53	477.32
		<u>27501.95</u>	<u>56752.75</u>
		<b><u>256116.43</u></b>	<b><u>167954.48</u></b>
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	25	30303.03	30303.03
Instruments entirely equity in nature	26	248965.50	235630.50
Other Equity	27	(267688.98)	(263929.96)
Total Equity		<u>11579.55</u>	<u>2003.57</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
(i) Borrowings	28	81936.89	8321.76
(ii) Other Financial Liabilities	29	1030.10	442.24
Deferred Tax Liabilities (Net)	30	19395.45	30655.98
Other non-current liabilities	31	1380.95	865.87
		<u>103743.39</u>	<u>40285.85</u>
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	32	6915.67	-
(ii) Trade Payables	33		
- Total outstanding dues of micro enterprises and small enterprises		131.79	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		117999.18	114120.90
(iii) Derivative liabilities	34	-	4800.73
(iv) Other financial liabilities	35	12032.35	3427.40
Other current liabilities	36	3714.50	1449.45
Current Tax Liability		-	1866.58
		<u>140793.49</u>	<u>125665.06</u>
		<u>244536.88</u>	<u>165950.91</u>
<b>Total liabilities</b>		<b><u>256116.43</u></b>	<b><u>167954.48</u></b>

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

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

-Sd-

-Sd-

**P S Jayaraman**  
Director  
DIN : 00011108

**Lavanya Venkatesh**  
Director  
DIN : 07191585

-Sd-

**per Aravind K**  
Partner  
Membership No: 221268  
Place: Chennai  
Date: May 18, 2020

-Sd-

-Sd-

**M Raman**  
Company Secretary

**S Krishnan**  
Chief Financial Officer

**Chemplast Cuddalore Vinyls Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**

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

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue</b>			
Revenue from operations	4	187895.18	205229.34
Other income	5	1138.59	766.02
<b>Total Income</b>		<b><u>189033.77</u></b>	<b><u>205995.36</u></b>
<b>Expenses</b>			
Cost of materials consumed	6	151220.74	164911.69
Changes in inventories of finished goods and work-in-progress	7	987.50	(3662.98)
Employees' benefit expense	8	3554.61	3319.37
Other expenses	9	23491.55	20505.90
Depreciation expense	10	4164.93	2442.11
Finance costs	11	11646.09	6382.42
<b>Total Expenses</b>		<b><u>195065.42</u></b>	<b><u>193898.51</u></b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b><u>(6031.65)</u></b>	<b><u>12096.85</u></b>
Exceptional items (Refer Note 44)		10689.49	-
<b>Profit / (Loss) before tax</b>		<b><u>(16721.14)</u></b>	<b><u>12096.85</u></b>
<b>Tax expense:</b>			
Current Tax		-	(4584.58)
Income tax relating to earlier years	12	1740.35	
Deferred Tax		5215.38	1925.00
<b>Profit / (Loss) after tax</b>		<b><u>(9765.41)</u></b>	<b><u>9437.27</u></b>
<b>Other Comprehensive Income:</b>			
Items that will not be reclassified to Profit or Loss in subsequent periods			
- Remeasurement of Defined Benefit Plans	13	(38.76)	(5.51)
- Deferred Tax expense relating to remeasurement of Defined Benefit Plans		9.93	1.93
- Revaluation of property, plant and equipment		-	68033.98
- Deferred Tax expense relating to revaluation of property, plant and equipment		-	(23396.21)
- Adjustment of deferred tax liability relating to assets revalued on change in tax rates		6035.22	
<b>Total Other Comprehensive Income</b>		<b><u>6006.39</u></b>	<b><u>44634.19</u></b>
<b>Total Comprehensive Income for the period</b>		<b><u>(3759.02)</u></b>	<b><u>54071.46</u></b>
<b>Basic and Diluted Earnings per share (equity shares, par value Rs 10/- each)</b>	14	<b>(1.97)</b>	<b>1.75</b>

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

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

-Sd-

**per Aravind K**  
Partner  
Membership No: 221268  
Place: Chennai  
Date: May 18, 2020

-Sd-

**P S Jayaraman**  
Director  
DIN : 00011108

-Sd-  
**M Raman**  
Company Secretary

-Sd-

**Lavanya Venkatesh**  
Director  
DIN : 07191585

-Sd-  
**S KrishnaB Krishnan**  
Chief Financial Officer

**Chemplast Cuddalore Vinyls Limited**  
**Statement of Cash Flows for the year ended March 31, 2020**

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

	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>NET PROFIT BEFORE TAX</b>	(16721.14)	12096.85
Adjustments for:		
Depreciation	4164.93	2442.11
Interest and finance charges	11646.09	6382.42
(Profit) / Loss on sale of Property, Plant & Equipment (net)	0.29	5.52
Exceptional Items	10689.49	-
Share of income from partnership firm	(31.66)	(0.11)
Provision no longer required written back	0.17	168.20
Interest Income	(670.53)	(133.17)
Difference in fair value of derivative instruments	(9355.28)	4800.73
Unrealised (gain) / loss of foreign exchange transactions	10597.66	(3493.52)
Government Grant Income	(269.35)	(434.71)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>10050.67</u>	<u>21834.32</u>
Adjustments for changes in:		
Trade and other receivables	(883.01)	899.99
Inventories	(5758.29)	756.41
Trade and other payables	(1078.11)	41369.66
<b>CASH GENERATED FROM OPERATIONS</b>	<u>2331.26</u>	<u>64860.39</u>
Income taxes paid (net)	(375.39)	(2718.00)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>1955.87</u>	<u>62142.39</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments made in compulsorily convertible preference shares in associates	(120000.00)	-
Redemption of / (investments made in) current investments (net)	31552.77	(31552.77)
Purchase towards Property, Plant & Equipment	(1418.52)	(637.22)
Margin Deposits placed with bank	(5028.89)	(0.53)
Share of income from partnership firm	31.66	0.11
Interest received	663.92	133.17
Proceeds from sale of Property, Plant & Equipment	17.12	9.15
<b>NET CASH FROM / USED IN INVESTING ACTIVITIES</b>	<u>(94181.94)</u>	<u>(32048.09)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long term borrowings (net)	82518.50	1747.00
Proceeds / (Repayment) from short-term borrowings (net)	6467.36	(23458.09)
Interest and finance charges paid	(13438.20)	(6382.42)
Redemption of Debentures	(108600.00)	-
Issue of Compulsorily Convertible Debentures	121935.00	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>88882.66</u>	<u>(28093.51)</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(3343.41)</u>	<u>2000.79</u>
Cash and cash equivalents at the beginning of the year	5025.43	3024.64
Cash and cash equivalents at the end of the year	<u>1682.02</u>	<u>5025.43</u>

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

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

-Sd-

-Sd-

P S Jayaraman  
Director  
DIN : 00011108

Lavanya Venkatesh  
Director  
DIN : 07191585

-Sd-

-Sd-

-Sd-

per Aravind K  
Partner  
Membership No: 221268  
Place: Chennai  
Date: May 18, 2020

M Raman  
Company Secretary

S Krishnan  
Chief Financial Officer

**Chemplast Cuddalore Vinyls Limited**  
**Statement of changes in equity for the year ended March 31, 2020**

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

Particulars	Equity	Instruments entirely equity in nature (CCD)	Other Equity				Total
	Share Capital		Capital Reserve	Capital Redemption Reserve	Retained earnings	Asset Revaluation Reserve	
<b>Balance at April 1, 2018</b>	30303.03	235630.50	(331309.45)	7.10	13300.93	-	(318001.42)
Profit for the year	-	-	-	-	9437.27	-	9437.27
Add: Other Comprehensive Income	-	-	-	-	(3.58)	44637.77	44634.19
<b>Balance at March 31, 2019</b>	30303.03	235630.50	(331309.45)	7.10	22734.62	44637.77	(263929.96)
Profit for the year	-	-	-	-	(9765.41)	-	(9765.41)
Depreciation and resultant tax impact on asset revaluation reserve	-	-	-	-	1908.80	(1908.80)	-
Issue of CCD	-	121935.00	-	-	-	-	-
Redemption of CCD	-	(108600.00)	-	-	-	-	-
Add: Other Comprehensive Income	-	-	-	-	(28.83)	6035.22	6006.39
<b>Balance at March 31, 2020</b>	<b>30303.03</b>	<b>248965.50</b>	<b>(331309.45)</b>	<b>7.10</b>	<b>14849.18</b>	<b>48764.19</b>	<b>(267688.98)</b>

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

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

-Sd-

**per Aravind K**  
Partner  
Membership No: 221268  
Place: Chennai  
Date: May 18, 2020

-Sd-

**P S Jayaraman**  
Director  
DIN : 00011108

-Sd-

**M Raman**  
Company Secretary

-Sd-

**Lavanya Venkatesh**  
Director  
DIN : 07191585

-Sd-

**S Krishnan**  
Chief Financial Officer



## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2020

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

#### 1.1 Corporate Information

Chemplast Cuddalore Vinyls Limited ("the Company") is a public limited company incorporated and domiciled in Chennai. The registered office is located at Cathedral Road, Chennai. As of March 31, 2020, Sanmar Engineering Services Limited owns 100.00% of Chemplast Cuddalore Vinyls Limited's equity share capital and has the ability to control its operating and financial policies.

#### 1.2 Scheme of Arrangement

Under a composite scheme of Arrangement approved by National Company Law Tribunal on April 26, 2019 and filed with the Registrar of Companies on May 22, 2019, the Suspension PVC Business of Chemplast Sanmar Limited, has been transferred to and vested with the Company with an appointed date of April 01, 2018. The aforesaid scheme of arrangement was accounted under the 'pooling of interest' method in accordance with Appendix C of Ind-AS 103 'Business Combinations'.

## 2 Basis of Preparation

### 2.1 Changes in accounting policies

#### New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on 1 April 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The adoption of the new lease standard, Ind AS 116, did not have a material impact in the financial statements of 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. The Appendix did not have an impact on the financial statements of the Company.

### 2.2 Statement of Compliance:

These financial statements of the Company have been prepared and presented from April 1, 2019 to March 31, 2020 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

- a. derivative financial instruments
- b. investment in unquoted equity shares
- c. Property, Plant and equipment under revaluation model

The financial statements are presented in INR and are rounded off to the nearest lakh, except when otherwise indicated. These financial statements were authorised for issue by the Company's Board of Directors on May 18, 2020.

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2020**

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

#### **2.3 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

#### **2.4 Covid-19 and its impact on the Company's business**

The outbreak of Corona virus pandemic since March'20 has resulted in significant reduction in economic activities in the country including the Company's business too. The Government enforced lockdown has caused significant impact on the operations of the Company including stoppage of production, supply chain disruption, unavailability of personnel for operations at the plant etc.. In addition, during March / April 2020, there has been a significant volatility in prices of the petrochemical products, primarily driven by steep reduction in global crude oil prices as well as lack of demand in the market.

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

Further, as explained in Note 44 to these financial statements, since both our intermediate and finished product prices have seen significant decrease following crash of petrochemical prices in March/April 2020 accompanied by the demand destruction due to the lockdown of the economy, based on estimates relating to the expected market prices in the future and prices quoted from recent orders from customers, the Company has written down the carrying value of inventories of intermediates and finished goods to their net realizable value. The resulting impact of Rs. 10689.49 lakhs has been disclosed as an exceptional item in the financial statements.

The impact of Covid-19 may differ from that estimated as at the date of approval of these financial statements.

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

The Company's financial result for the current year has been materially affected by various external factors including the impact of Covid-19 as more fully explained in Note 44. During the current year, the Company has incurred loss after taxes of Rs. 9765.41 lakhs (profit after taxes of Rs. 9437.27 lakhs and Rs. 13303.23 lakhs for the years ended March 31, 2019 and 2018 respectively). As explained in Note 44, included in the loss for the current year is a non-cash exceptional charge of Rs. 10689.49 lakhs related to write-down of inventories to their realisable value. Management expects the demand for the Company's products to gradually pickup once the lockdown is removed and considering the overall deficit in the PVC capacity in India, is confident that the Company would be able to operate its plant at optimal capacity to generate profitable operations for Fiscal 2021.

The Company also has a net current liability position of Rs. 113291.54 lakhs as at March 31, 2020 (net current liability position of Rs. 68912.31 lakhs and Rs. 79503.68 lakhs as at March 31, 2019 and 2018 respectively) primarily facilitated by the extended credit terms offered by its key suppliers of inputs. Considering the adverse impact of Covid-19 on the Company's cash flows, management has negotiated extension of due dates, obtaining favourable credit terms with vendors for key raw materials to ensure adequate supply of inputs for operations and also availed moratorium from its bankers from making payments of LCs, principal instalments and interest on its borrowings till May 2020 under the regulatory package granted by the Reserve Bank of India. Management is also in the process of negotiating additional fund / non-fund facilities from Banks to cater to its current business requirements which are expected to mitigate the stress on the cash flows, if any, during the period of business disruption due to Covid-19. The Company also has long-term supply agreements for key raw materials / intermediates which is expected to ensure adequate supply of inputs for operation of the Company's plant. Further, based on the long relationship enjoyed with its key suppliers, management is also confident of continuing to obtain favourable credit terms from them for the foreseeable future.

Overall, based on business plans and cash flow projections which consider various relevant factors including the impact of the business disruption due to Covid-19, as well as the short-term liquidity measures undertaken, the management is of the view that the Company will be able to achieve cash-profitable operations and raise funds as necessary, in order to meet its liabilities as they fall due. Accordingly, these financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future.

### **3 Significant Accounting Policies**

#### **3.1 Foreign currency transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing as on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currency are converted at year end rates. Exchange differences arising on settlement / conversion are adjusted in the Statement of Profit and Loss.

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2020

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

#### 3.2 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Company assesses the evidence obtained from the third parties to support the conclusion that these valuation meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

When measuring the fair values of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

For the purpose of fair value disclosures, the Company has determined class of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Disclosures for valuation methods, significant estimates and assumptions (Note 48)
- ▶ Quantitative disclosures of fair value measurement hierarchy (Note 37.10)
- ▶ Investment in unquoted equity shares (Note 15)

#### 3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

##### Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### 3.3.1 Financial Assets

###### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

###### ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- a. Debt instruments at amortised cost;
- b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);
- c. Investments at cost.

###### a. Debt instruments at amortised cost;

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 37.2.1.

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2020

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

#### 3.3.1 Financial Assets (continued)

##### b. Financial assets at FVTPL

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

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in Note 37.10.

##### C. Investments at cost:

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In accordance with Ind AS 27 on Separate Financial Statements, investments in associates and jointly-controlled entities are 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.

The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, the Company is required to consider:

• All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.

• Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

#### 3.3.1.2 Derecognition of financial assets

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

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

#### 3.3.2 Financial liabilities and equity instruments

##### 3.3.2.1 Classification as debt or equity

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

##### 3.3.2.2 Equity instruments

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

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

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2020**

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

#### **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 Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

##### **Loans and borrowings:**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

#### **3.3.2.5 Financial Guarantees**

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

#### **3.3.2.6 Financial liabilities at FVTPL**

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 34.9.

#### **3.3.2.7 Derecognition of financial liabilities**

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

#### **3.3.3 Offsetting of financial instruments:**

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

#### **3.3.4 Effective interest method**

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

#### **3.3.5 Derivative financial instruments**

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

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2020

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

#### 3.4 Property, plant and equipment

##### 3.4.1 Recognition and measurement

Property, Plant & Equipment are initially recognised at cost.

After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The gross carrying amount was restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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.

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

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

The Company, based on technical assessment made by management estimate, 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 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.

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2020

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

#### 3.6 Retirement and Employees benefits

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

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

##### Provident Fund:

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

##### Gratuity:

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

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

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

#### 3.7 Revenue recognition

##### Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks

##### Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

##### Service Income:

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

##### Share of income from partnership firm

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

##### Interest income

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

#### 3.8 Leases

##### Company as a lessee:

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets

##### ii) Lease liabilities

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

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

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

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

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2020**

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

#### **3.9 Taxes**

##### **Income Tax**

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

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

##### **Deferred tax**

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

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

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

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

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

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

Current tax / deferred tax relating to items recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax / deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **Minimum Alternate Tax (MAT)**

MAT paid in a year is charged to the statement of profit and loss as current tax for the year. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax during the specified period. i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset, it is recognised by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

#### **3.10 Cash and cash equivalents**

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

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

#### **3.11 Provisions and contingencies**

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

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

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



## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2020**

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

#### **3.12 Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### **3.13 Intangible assets**

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

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

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

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

#### **3.14 Borrowing costs:**

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

#### **3.15 Impairment of non-financial assets:**

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

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

#### **3.16 Earnings per share**

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

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

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note : 4</b>		
<b>Revenue</b>		
Revenue from the sale of goods*	187854.66	205150.10
Artwork and designing charges	3.77	19.15
Agency commission	1.26	12.03
Advertisement charges received	-	3.79
<b>Other operating revenue</b>		
Revenue from sale of scrap	35.49	44.27
	<u><b>187895.18</b></u>	<u><b>205229.34</b></u>

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

Revenue as per Contracted Price	196067.48	209043.05
<i>Adjustments towards:</i>		
Volume Rebates	3096.36	2035.85
Price concessions	2908.38	1510.05
Special discounts	2208.08	347.06
Revenue as per statement of profit and loss	<u><b>187854.66</b></u>	<u><b>205150.10</b></u>

\*The entire revenue is recognised at a point in time coinciding with the transfer of control over goods and services as per Ind AS115

**Note : 5**

**Other income**

Share of income from partnership firm	31.66	0.11
Provisions no longer required written back	0.17	168.20
Amortization of government grant	269.35	434.71
Interest Income on financial assets at amortised cost	670.53	133.17
Miscellaneous income	166.88	29.83
	<u><b>1138.59</b></u>	<u><b>766.02</b></u>

**Note : 6**

**Cost of materials consumed**

Inventories of materials at the beginning of the year	12446.57	16577.57
Add: Purchases	146876.77	160780.69
Less: Inventories of materials at the end of the period	8102.60	12446.57
	<u><b>151220.74</b></u>	<u><b>164911.69</b></u>

**Note : 7**

**Changes in inventories of finished goods and work in progress**

Inventories at the beginning of the year		
Work in progress	152.67	244.95
Finished goods	4689.89	934.63
	<u>4842.56</u>	<u>1179.58</u>
Inventories at the end of period		
Work in progress	150.16	152.67
Finished goods	3704.90	4689.89
	<u>3855.06</u>	<u>4842.56</u>
	<u><b>987.50</b></u>	<u><b>(3662.98)</b></u>

**Note : 8**

**Employees' benefit expense**

Salaries and wages	3340.55	3128.16
Contribution to provident and other funds	128.77	79.46
Gratuity Expense	38.93	16.97
Staff welfare expenses	46.36	94.78
	<u><b>3554.61</b></u>	<u><b>3319.37</b></u>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Note : 9</b>		
<b>Other expenses</b>		
Power and fuel	5515.71	5036.61
Stores consumed	4158.14	4424.07
Commission on sales	817.65	820.19
Rent	9.71	319.60
Insurance	577.73	269.59
Rates and taxes	74.37	97.42
Repairs and maintenance		
- Machinery	568.40	784.89
- Building	94.67	76.91
- Others	410.38	489.25
Freight and handling	1139.85	1559.39
Difference in foreign exchange (net) *	5665.14	4008.49
Operation & Maintenance expenses	972.49	963.65
Legal and professional fees	1016.89	390.24
Payment to auditor ^	42.04	36.89
Miscellaneous expenses (Also Refer Note 46)	2428.38	1228.71
	<b>23491.55</b>	<b>20505.90</b>

\*Net of fair value gain on derivative instruments at FVTPL of Rs.9355.28 lakhs (2018-19:Loss Rs. 4662.31 Lakhs)

^ Payment to auditor

For Statutory Audit	30.62	29.37
For Tax Audit	3.85	4.91
For Limited Review	4.82	-
For Certification Services	1.75	-
For Other Services	1.00	2.19
For Reimbursement of Expenses	0.00	0.42
	<b>42.04</b>	<b>36.89</b>

**Note : 11**

**Finance costs**

Interest on bank overdrafts and loans	8341.93	3024.52
Other finance costs	3292.24	3301.99
Bank charges	11.92	55.91
	<b>11646.09</b>	<b>6382.42</b>

**Note: 12**

**Income tax expenses**

Current Tax:

Current Income tax charge	-	4584.58
Adjustments in respect of current income tax of prior years	(1740.35)	

Deferred tax:

Relating to origination and reversal of temporary differences	(5215.38)	(1925.00)
Income tax expense reported in statement of profit and loss	<b>(5215.38)</b>	<b>2659.58</b>

Other comprehensive income (OCI):

Net loss/(gain) on remeasurements of defined benefit obligations	(9.93)	(1.93)
Net loss/(gain) on remeasurements of revaluation of property, plant and equipment		23396.21
Income tax charged to OCI	<b>(9.93)</b>	<b>23394.28</b>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2020</b>		
The tax on the company's loss before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (25.6256%*) as follows:		
Accounting profit before tax	(16721.14)	12096.85
Profit before Income tax multiplied by standard rate of corporate tax in India (25.6256%) (PY: 29.12%) as follows:	(4284.89)	3522.60
<b>Effects of:</b>		
Impact of Government grant being recognised on below-par loan from Government	(69.02)	(126.59)
Inadmissible expenses	57.36	-
Impact of reversal of income tax provision relating to earlier years	(950.33)	-
Effect of change in substantively enacted tax rates	(1935.74)	-
Leashold land rent charges claimable under Income Tax	257.28	(350.84)
Others	(30.39)	(385.60)
Net effective Income tax	<u>(6955.73)</u>	<u>2659.58</u>

\*The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Law. Accordingly the Deferred Tax Liability (net) as at March 31, 2019 and the tax expense for the year ended March 31, 2020 was remeasured. The full impact of this change is recognized in the Statement of Profit and Loss for the year ended March 31, 2020

**Note 13**

**Components of Other Comprehensive Income (OCI)**

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

During the year ended 31 March 2020	Retained Earnings	Revaluation Surplus	Total
Re-measurement gains/(losses) on defined benefit obligations	(28.83)		(28.83)
Adjustment of deferred tax liability relating to assets revalued on change in tax rates		6035.22	6035.22
	<u>(28.83)</u>	<u>6035.22</u>	<u>6006.39</u>

During the year ended 31 March 2019	Retained Earnings	Revaluation Surplus	Total
Re-measurement gains/(losses) on defined benefit obligations	(3.58)		(3.58)
Revaluation of property, plant and equipment		44637.77	44637.77
	<u>(3.58)</u>	<u>44637.77</u>	<u>44634.19</u>

**Note 14**

**Earnings per share [EPS]:**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

Earnings per share :

Profit/(Loss) after tax	(9765.41)	9437.27
Earnings used in the calculation of earnings per share	(9765.41)	9437.27
Weighted average number of Equity shares for basic & Diluted EPS	49,61,42,647	53,86,60,803

**Basic and diluted earnings per share**

Basic earnings per share	332	(1.97)	1.75
Diluted earnings per share		(1.97)	1.75

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	As at March 31, 2020	As at March 31, 2019
<b>Note : 15</b>		
<b>Investments at FVTPL</b>		
<b>Investments in the shares of bodies corporate</b>		
<u>Unquoted fully paid equity shares</u>		
Sai Regency Power Corporation Private Limited	60.00	60.00
<b>Investments at cost - Investment in associates</b>		
<u>Compulsorily Convertible Preference Shares (CCPS)</u>		
Sanmar Group International Limited	120000.00	-
	<u>120060.00</u>	<u>60.00</u>
(Also refer to Note No.39 for details of investments)		
<b>Note : 16</b>		
<b>Other non-current financial assets</b>		
(Unsecured, considered good)		
Security deposits	158.24	254.03
	<u>158.24</u>	<u>254.03</u>
<b>Note : 17</b>		
<b>Other non-current assets</b>		
Security Deposit - Government Authorities	129.33	137.06
Capital Advances	19.26	23.00
	<u>148.59</u>	<u>160.06</u>
<b>Note : 18</b>		
<b>Inventories</b>		
Raw materials	297.86	450.41
Work-in-progress	150.16	152.67
Finished goods	3704.90	4689.89
Stores and spares	1847.43	1447.17
Intermediates	7804.74	11996.15
	<u>13805.09</u>	<u>18736.29</u>
(Also refer to Note No.44)		
<b>Note :</b>		
Inventories includes Goods in transit		
Intermediaries	10875.76	8642.70
Stores and Spares	5.50	2.23
	<u>10881.25</u>	<u>8644.93</u>
<b>Note : 19</b>		
<b>Current Investments at cost</b>		
(Non-trade - Unquoted)		
Investment in partnership firm (Also refer to Note No.39 for details of investments)	-	31552.77
	<u>-</u>	<u>31552.77</u>
<b>Note : 20</b>		
<b>Trade receivables</b>		
<b>Unsecured, considered good**</b>		
Receivable from others	202.53	499.15
	<u>202.53</u>	<u>499.15</u>

\*\* Trade Receivables are non interest bearing and are generally on terms of 0-60 days

**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2020**

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

	As at March 31, 2020	As at March 31, 2019
<b>Note : 21</b>		
<b>Cash and cash equivalents</b>		
Bank balances		
-in current account	1649.59	5025.13
Cheques on hand	31.66	-
Cash on hand	0.77	0.30
	<u>1682.02</u>	<u>5025.43</u>
<b>Note : 22</b>		
<b>Other bank balances</b>		
Margin deposits (Refer Note 28)	5032.99	4.10
	<u>5032.99</u>	<u>4.10</u>
<b>Note : 23</b>		
<b>Other current financial assets</b> (unsecured, considered good)		
Security deposits	5.19	4.96
Sundry receivable	92.66	3.42
Claims receivables	331.63	431.34
Interest receivable	22.76	16.15
	<u>452.24</u>	<u>457.69</u>
<b>Note : 24</b>		
<b>Other current assets</b>		
Prepaid expenses	72.10	83.39
Balances with Government authorities	825.29	-
Advances given to suppliers	875.14	393.93
	<u>1772.53</u>	<u>477.32</u>

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**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	As at March 31, 2020	As at March 31, 2019
<b>Note : 25</b>		
<b>Equity Share Capital</b>		
<b>Authorised</b>		
30,40,80,000 Equity shares of Rs.10 each	30408.00	30408.00
8,000 cumulative redeemable preference shares of Rs.100/- each	8.00	8.00
	<b>30416.00</b>	<b>30416.00</b>
<b>Issued</b>		
30,30,30,303 equity shares of Rs.10/- each	<b>30303.03</b>	30303.03
<b>Subscribed and fully paid-up</b>		
30,30,30,303 equity shares of Rs.10/- each	30303.03	30303.03
	<b>30303.03</b>	<b>30303.03</b>

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

Particulars	No. of Shares	Share Capital
Balance at 1 April 2018	303030303	30303.03
Issued during the year	-	-
Balance at 31 March 2019	303030303	30303.03
Issued during the period	-	-
Balance at 31 March 2020	<b>303030303</b>	<b>30303.03</b>

**Shares Held by Holding company and its subsidiaries**

Sanmar Engineering Services Limited (Holding Company) & its nominees of face value of Rs.10 each

**Rights, Preferences and Restrictions attached to shares**

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

The above equity shares were issued based on Scheme of arrangement referred to in Note 1.2

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

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Engineering Services Limited (Holding Company) & its nominees of face value of Rs.10 each	303030303	100%	303030303	100%

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**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2020**

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

	As at March 31, 2020	As at March 31, 2019
<b>Note : 26</b>		
<b>Instruments entirely equity in nature</b>		
<b>Reconciliation of CCD outstanding at the beginning and at the end of the period</b>		
	<b>No. of CCD</b>	<b>Amount</b>
Balance at 1 April 2018	235630500	235630.50
Issued during the year		
Balance at 31 March 2019	<b>235630500</b>	<b>235630.50</b>
Issued during the year	121935000	121935.00
Redeemed during the year	(108600000)	(108600.00)
Balance at 31 March 2020	<b>248965500</b>	<b>248965.50</b>

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

- (i) The Zero Coupon Compulsorily Convertible Debentures (CCD) shall not carry any interest.
- (ii) The CCD are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than 9 years from the date of allotment.
- (iii) The application for CCD shall be deemed to be the application for Shares when the conversion takes place.
- (iv) The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.
- (v) The CCD are not marketable securities and can be transferred only at the discretion of the Company.
- (vi) The equity shares to be issued on conversion shall rank pari passu in all respects with the equity shares existing on the date of conversion.

**Note: 27****Other Equity**

Asset Revaluation reserve (Refer B below)	48764.19	44637.77
Retained earnings (Refer A below)	14849.18	22734.62
Capital Redemption Reserve	7.10	7.10
Capital Reserve	(331309.45)	(331309.45)
	<b>(267688.98)</b>	<b>(263929.95)</b>

**(A) Retained Earnings**

Balances at the beginning of the year	22734.62	13300.94
Profit / (Loss) for the year	(9765.41)	9437.27
Depreciation and Deferred tax reversal on Asset revaluation	1908.80	-
Other Comprehensive Income	(28.83)	(3.58)
Balances at the end of the year	<b>14849.18</b>	<b>22734.62</b>

**(B) Asset Revaluation Reserve**

Balances at the beginning of the year	44637.77	-
Depreciation and resultant tax impact on asset revaluation reserve	(1908.80)	-
Other Comprehensive Income	6035.22	44637.77
Balances at the end of the year	<b>48764.19</b>	<b>44637.77</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 recognizes profit or loss on acquisition of business in a business combination 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.



**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	As at March 31, 2020	As at March 31, 2019
<b>Note : 28</b>		
<b>Non Current Borrowings</b>		
<b>Secured – at amortized cost</b>		
Term loan from Banks*	79540.86	-
SIPCOT Soft Loan	8688.16	8321.76
(A)	<u>88229.02</u>	<u>8321.76</u>
Less:		
<b>Current maturities of borrowings</b>		
Term loan from Banks	6292.13	-
(B)	<u>6292.13</u>	<u>-</u>
(A) - (B)	<u>81936.89</u>	<u>8321.76</u>

**Summary of borrowing arrangements**

A. Term loans from banks amounting to Rs. 79540.86 lakhs is secured by first pari passu charge over moveable and immoveable property, plant and equipment, second pari passu charge over current assets and exclusive charge over debt service reserve bank account.

B. Corporate Guarantee of Sanmar Engineering Service Limited towards the term loan aggregating to Rs.82500 lakhs.

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

Repayment of loans from Banks

(a) Loan amounting to Rs.79540.86 - Repayment in 40 structured quarterly installments commencing from February 2020

Term loans from SIPCOT amounting to Rs. 8688.16 Lakh is secured by first pari passu charge on specific land, buildings and plant and machinery. The loan drawn is repayable in the 10th year of drawal.

\*The Company has obtained a condonation subsequent to the financial year end for breach of covenants from the Bank hence, it has continued to be Non Current Borrowings.

**Note : 29**

**Other non-current financial liabilities**

Trade Deposits	195.00	196.43
Accrued salaries and benefits	684.45	95.16
Other Payables	150.65	150.65
	<u>1030.10</u>	<u>442.24</u>

**Note : 30**

**Deferred tax liabilities / (Assets) (Net)**

A. Deferred tax liabilities

Difference between book and tax written down value of depreciable Property, Plant & Equipment

Payments allowable in full under Income Tax but amortised over a period in books

MTM/Forward Premium claimable in future

B. Deferred tax assets

Difference in allowable expenditure on foreign exchange contracts

Unabsorbed Depreciation / Carried Forward Business Losses\*

Expenses allowable on payment basis

MTM/Forward Premium claimable in future

Others

\*The Company believes that the deferred tax liability on temporary differences arising on the WDV of property, plant and equipment and estimated future profits will be sufficient to realise the deferred tax assets recognised on carry forward losses and unabsorbed depreciation

**Reconciliation of deferred tax liabilities (net):**

Opening Balance	30655.98	9186.70
Change in Statement of Profit and Loss	(5215.38)	(1925.00)
Change in Other Comprehensive Income	(6045.15)	23394.28
<b>Closing Balance</b>	<u>19395.45</u>	<u>30655.98</u>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

	As at March 31, 2020	As at March 31, 2019
<b>Note : 31</b>		
<b>Other non-current liabilities</b>		
Government grant*	1380.95	865.30
Other liabilities	-	0.57
	<u>1380.95</u>	<u>865.87</u>

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

**Note : 32**

**Current Borrowings**

*Secured – at amortized cost*

Buyer's credit	6915.67	-
	<u>6915.67</u>	<u>-</u>

**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 Company (excluding specifically charged land and buildings).

**Note : 33**

**Trade payables**

Trade payables*	118130.97	114120.90
	<u>118130.97</u>	<u>114120.90</u>

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

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

\* Includes dues for payment to Micro, Small and Medium enterprises Rs. 131.79 lakhs (Previous year Rs. Nil) (Also refer Note 43)

**Note : 34**

**Derivative Instruments**

Derivative Liability / (Asset)#	(4554.55)	4800.73
	<u>(4554.55)</u>	<u>4800.73</u>

# While the Company entered into foreign exchange forward contracts with the intention of reducing foreign exchange risk of purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss

**Note : 35**

**Other current financial liabilities**

*Current maturities of borrowings*

- Term loan from Banks	6292.13	-
Payable / Accrual towards Capital Expenditure	32.34	1.41
Accrued salaries and benefits	786.95	1517.00
Other Payables	4920.93	1908.99
	<u>12032.35</u>	<u>3427.40</u>

**Note : 36**

**Other current liabilities**

Government grant	58.06	58.85
Advance from customers	3031.68	900.14
Withholding and other tax payables	89.35	0.46
Other Liabilities	535.41	490.00
	<u>3714.50</u>	<u>1449.45</u>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

**Note : 10**

**Property, plant and equipment**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Cost or valuation</b>								
Balance at April 01, 2018	5521.35	667.12	3322.33	39594.90	98.49	44.90	74.80	49323.89
Additions	-	336.88	0.00	79.54	1.43	0.09	27.34	445.28
Disposals	-	-	-	-	-	-	11.83	11.83
Adjustments towards revaluation	194.09	3047.56	3269.40	54332.35	-	-	-	60843.40
Balance at March 31, 2019	5715.44	4051.56	6591.73	94006.79	99.92	44.99	90.31	110600.75
Additions	42.25	102.38	57.80	940.36	3.66	5.88	74.11	1226.44
Disposals	-	-	-	-	-	-	24.76	24.76
Balance As at March 31, 2020	5757.69	4153.94	6649.53	94947.15	103.58	50.87	139.66	111802.43
<b>Accumulated depreciation and impairment</b>								
Balance at April 01, 2018	-	15.03	583.78	4185.06	21.40	12.22	14.86	4832.35
Depreciation expense	-	7.80	292.81	2118.15	13.25	3.77	6.33	2442.11
Eliminated on disposals of assets	-	-	-	-	-	-	2.34	2.34
Adjustments towards revaluation**	-	(22.82)	(876.59)	(6291.16)	-	-	-	(7190.57)
Balance at March 31, 2019	-	-	-	12.05	34.65	15.99	18.85	81.55
Depreciation expense	-	47.54	291.63	3790.27	14.87	2.63	17.99	4164.93
Eliminated on disposals of assets	-	-	-	-	-	-	7.35	7.35
Balance As at March 31, 2020	-	47.54	291.63	3802.32	49.52	18.62	29.49	4239.13
Balance As at March 31, 2020	5757.69	4106.40	6357.90	91144.83	54.06	32.25	110.17	107563.30
Balance As at March 31, 2019	5715.44	4051.56	6591.73	93994.75	65.27	29.00	71.46	110519.20

\*\* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020 - continued**

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

**Note : 10 (continued)**

**Property, plant and equipment ( continued)**

**Revaluation of Property, Plant and Equipment**

Fair value of property, plant and equipment was determined by using the market value method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation of 31 March 2019, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP an accredited independent valuer who has relevant valuation experience in India.

**Information of revaluation model:**

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

Net book value	<u>31-Mar-20</u>	<u>31-Mar-19</u>
	INR lacs	INR lacs
Cost	50959.03	49757.35
Accumulated depreciation and impairment	8864.26	7272.12
<b>Net carrying amount</b>	<b><u>42094.77</u></b>	<b><u>42485.23</u></b>

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

The Company uses the following hierarchy for determining and disclosing the fair value of its freehold land, buildings and plant and equipment:

	<u>Fair value measurement using</u>		
	<u>Quoted prices in active markets</u>	<u>Significant observable inputs</u>	<u>Significant unobservable inputs</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Total</u>	<u>Rs Lakhs</u>	<u>Rs Lakhs</u>	<u>Rs Lakhs</u>
<b>Assets measured at fair value:</b>			
<i>March 31, 2020</i>			
Revalued Property, Plant and Equipment			
Freehold Land	5757.69	-	5757.69
Leasehold Land	4106.40	-	-
Buildings	6357.90	-	6357.90
Plant and Machinery	91144.83	-	91144.83
	<b><u>107366.81</u></b>	<b><u>-</u></b>	<b><u>97502.72</u></b>
<b>Assets measured at fair value:</b>			
<i>March 31, 2019</i>			
Revalued Property, Plant and Equipment	5715.44	-	-
Freehold Land	3722.47	-	-
Leasehold Land	6884.54	-	6884.54
Buildings	96033.35	-	96033.35
Plant and Machinery	<b><u>112355.81</u></b>	<b><u>-</u></b>	<b><u>102917.89</u></b>

"Significant Observable and unobservable Valuation Inputs :

The value of land was determined based on condition, location, demand, supply in and around and other infrastructure facility available at and around the said plot of land. Land which was based on government promoted industrial estates, was measured on the present fair market value depending on the condition of the said estates, its location and availability of such plots in the said industrial estate.

The valuation of Buildings and Plant and equipment was based on its present fair market value after allowing for the depreciation of the particular assets, as well as the present condition of the assets (Depreciated Replacement Cost Method). The replacement value of the said assets as well as its maintenance up-keep is considered while working out its present fair value."

**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2020**

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

**Note:37****Financial instruments****37.1 Capital management**

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

The capital structure of the Company consists of debt, which includes the borrowings (Note 28, 32 and 35), cash and cash equivalents (Note 21) and equity attributable to equity holders of the Company, comprising issued capital, compulsorily convertible debentures, premium, and retained earnings.

Gearing ratio

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. The gearing ratios at March 31, 2020, and March 31, 2019 were as follows:

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Borrowings	95144.69	8321.76
Cash and Cash Equivalents	1682.02	5025.43
Net debt	<u>93462.67</u>	<u>3296.33</u>
Equity (ii)	11579.55	2003.57
Gearing Ratio	8.07	1.65

(i) Debt is defined as long and short-term borrowings (excluding derivatives)

(ii) Equity includes all capital, compulsorily convertible debentures and reserves of the Company that are managed as capital.

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

	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>37.2.1 Financial assets at amortised cost</b>		
Cash and bank balances (Note 21)	1682.02	5025.43
Other bank balances (Note 22)	5032.99	4.10
Trade receivables (Note 20)	202.53	499.15
Other financial assets (Note 16 & 23)	610.48	711.72
Total	<b>7528.02</b>	<b>6240.40</b>
<b>37.2.2 Financial liabilities- At amortised cost</b>		
Borrowings (Note 28, 32 & 35)	95144.69	8321.76
Trade payables (Note 33)	118130.97	114120.90
Other financial liabilities (Note 29 & 35)	6770.32	3869.64
Total	<b>220045.98</b>	<b>126312.30</b>

**37.3 Financial risk management objectives**

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

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

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

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

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

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2020

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

#### 37.4 Market risk

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

#### 37.5 Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The currencies, in which these transactions primarily are denominated in American Dollars (USD). The Company may use forward exchange contract towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities 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.

##### 37.5.1 Foreign currency sensitivity analysis

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

Particulars	Change in currency exchange rate	Effect on Profit before Tax and Pre Tax Equity	
		March 31, 2020	March 31, 2019
USD	1%	1168.81	1193.27

#### 37.6 Commodity price risk

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

Prices of PVC manufactured by the Company are monitored by Company's management and adjusted to respond to change in import parity price of PVC in Indian market. The prices of VCM (Input) and PVC (Output) generally move in the same direction thereby maintaining the margins more or less at the same levels over a period of time. Therefore the Company is not significantly exposed to the variation in commodity prices over a period for the above products.

#### 37.7 Interest rate risk management

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

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

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

Particulars	Increase/ (Decrease) in basis points	Effect on Profit before tax	
		March 31, 2020	March 31, 2019
INR	100	822.79	-

#### 37.8 Credit risk management

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

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

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

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2020, that defaults in payment obligations will occur.

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

**37.8.1 Trade receivables**

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

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

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2020	202.53	202.53	-	<b>405.06</b>
Trade Receivables as of March 31, 2019	499.15	499.15	-	<b>998.30</b>

**37.8.2 Financial instruments and cash deposits**

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

**37.9 Liquidity risk management**

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

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

	March 31, 2020	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		5654.46	1030.10	6684.56
Interest bearing (excluding interest accrual)		112476.51	81936.89	194413.40
				<u><b>201097.96</b></u>
	March 31, 2019	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)		261.44	442.24	703.68
Interest bearing (excluding interest accrual)		113859.46	8321.76	122181.22
				<u><b>122884.90</b></u>

**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).

	<u>Fair value hierarchy as at March 31,2020</u>		
	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>			
Investments			60.00
Derivative assets		4554.55	
			<u><b>60.00</b></u>
	<u>Fair value hierarchy as at March 31,2019</u>		
	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>			
Investments			60.00
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities	-	4800.73	-

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

**37.11 Fair values**

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

	Carrying value		Fair value	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
<b>Financial assets</b>				
Investments	60.00	31612.77	60.00	31612.77
<b>Other financial assets:</b>				
Deposits	5196.42	263.09	5196.42	263.09
Sundry receivables	92.66	3.42	92.66	3.42
Claims receivable	331.63	431.34	331.63	431.34
Trade receivables	202.53	499.15	202.53	499.15
Cash and cash equivalents	1682.02	5025.43	1682.02	5025.43
<b>Total</b>	<b>7565.26</b>	<b>37835.20</b>	<b>7565.26</b>	<b>37835.20</b>
<b>Financial liabilities</b>				
<b>Borrowings:</b>				
Floating rate borrowings	79540.86	-	79540.86	-
Fixed rate borrowings	15603.83	8321.76	15603.83	8321.76
Trade payables	118130.97	114120.90	118130.97	114120.90
<b>Other financial liabilities:</b>				
Accrued salaries and benefits	1471.40	1612.16	1471.40	1612.16
Other payables	5298.92	2257.48	5298.92	2257.48
<b>Derivatives not designated as hedge</b>				
Derivative (asset) / liability	(4554.55)	4800.73	(4554.55)	4800.73
<b>Total</b>	<b>215491.43</b>	<b>131113.03</b>	<b>215491.43</b>	<b>131113.03</b>

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

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

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



**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

**Note : 38**

**Related party transactions**

**List of parties where control exists**

Sanmar Engineering Services Limited Holding Company

**Jointly Controlled Entities**

Mowbrays Corporate Finance (Upto December 19, 2019)

**Fellow Subsidiaries**

Chemplast Sanmar Limited

TCI Sanmar Chemicals S.A.E.

**Associates**

Sanmar Group International Limited

**Terms and conditions of transactions with related parties:**

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2020, 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		Jointly Controlled Entities / Fellow Subsidiaries / Associates	
	2019-20	2018-19	2019-20	2018-19
Transactions during the year				
<b>Sales</b>				
Chemplast Sanmar Limited	-	-	9.10	52.65
Sanmar Engineering Services Limited	-	0.77	-	-
<b>Purchase of power</b>				
Chemplast Sanmar Limited	-	-	1461.44	758.03
<b>Purchase of materials</b>				
Chemplast Sanmar Limited	-	-	78.58	-
<b>Purchase of MEIS Scrips</b>				
Chemplast Sanmar Limited	-	-	192.46	-
<b>Share of income from partnership firm</b>				
Mowbrays Corporate Finance	-	-	31.66	0.11
<b>Expenses Paid</b>				
Chemplast Sanmar Limited	-	-	3.56	-
<b>Interest on Non convertible debentures</b>				
Sanmar Engineering Services Limited	819.35	-	-	-
<b>Investment made during the year</b>				
Mowbrays Corporate Finance	-	-	45979.25	31552.77
<b>Investment redeemed during the year</b>				
Mowbrays Corporate Finance	-	-	77532.02	-
<b>Investment made during the year in CCPS</b>				
Sanmar Group International Limited	-	-	120000.00	-
<b>Redemption of debentures</b>				
Sanmar Engineering Services Limited	108600.00	-	-	-
<b>Issue of Compulsorily Convertible Debentures</b>				
Sanmar Engineering Services Limited	121935.00	-	-	-
<b>Balances as at year end</b>				
Investments	-	-	120000.00	31552.77
Sundry payables	-	-	2168.08	-
Sundry receivable	-	-	66.24	-
Trade receivables	-	-	-	8.23
Trade payables	-	-	11.36	-

**Note : 39**

**Details of Investment**

As at  
March 31, 2020      As at  
March 31, 2019

Partners' Name in Mowbrays Corporate Finance

Chemplast Cuddalore Vinyls Limited

-      31552.77

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

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

**Details of Investment (continued)**

	Face value per share	No. of shares	Amt Rs. Lakhs
<b>As at March 31, 2020</b>			
<u>Unquoted fully paid equity shares</u>			
Sai Regency Power Corporation Private Limited	10.00	6,00,000	60.00
<u>Compulsorily Convertible Preference Shares (CCPS)</u>			
Sanmar Group International Limited (Associate)	10.00	1,20,00,00,000	120000.00
<b>As at March 31, 2019</b>			
<u>Unquoted fully paid equity shares</u>			
Sai Regency Power Corporation Private Limited	10.00	6,00,000	60.00

**Note : 40**

**Segment Reporting**

The Company's operations predominantly relate to manufacture and sales of PVC Resin. The Board of Directors of the Company which have been identified as the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicators of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of Ind-AS 108 "Operating Segments". The Company's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

**Note : 41**

**Contingent liabilities and contingent assets:**

**Contingent liabilities \***

<i>Particulars</i>	As at March 31, 2020	As at March 31, 2019
A. Claims against the company not acknowledged as debts :		
- On account of Indirect Taxes	459.79	1327.31
<b>Total</b>	<b>459.79</b>	<b>1327.31</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.

**Note : 42**

**Capital commitments :**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	201.20	297.90
	<b>201.20</b>	<b>297.90</b>

**Note : 43**

**Dues to micro and small enterprises**

As at March 31, 2020, 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 33 have been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note: 44**

**Exceptional items:**

The sudden steep fall in prices of crude oil and the global crisis on COVID-19, leading to lock down of major economies including India, had led to collapse of Petrochemical prices during March'20 and April'20 by almost 50%. Since both inputs and finished products price levels had been deflated, as a measure of conservatism, and in line with generally accepted accounting principles, the company had written down the carrying value of stocks of major intermediates and finished products, to levels corresponding to the net realizable value of finished products, leading to an exceptional charge of Rs.10689.49 Lacs for the year ended March 31, 2020.

**Note: 45**

**Impairment assessment**

The Company has determined the recoverable amounts of its PVC plant located at Cuddalore under Ind AS 36 "Impairment of Assets" based on various assumptions / estimates relating to selling prices of PVC and purchase price of VCM (and consequently the gross margins), market demand for the Company's products resulting from the lockdown in the short to medium-term, exchange variations, inflation, terminal value etc., which are considered reasonable by the management. The Company has performed sensitivity analysis on the assumptions / estimates used basis internal and external information available up to the date of approval of these financial statements, and indicators of future economic conditions relevant to the Company's operations. Based on a careful evaluation of the aforesaid factors, the management has concluded that the recoverable value of the property, plant and equipment is higher than their carrying amounts as at March 31, 2020.

**Note: 46**

Miscellaneous expenses includes Rs.80.45 lakhs (PY Nil) towards expenditure on CSR against Rs.79 lakhs (PY Nil) to be spent as per the Companies Act, 2013

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2020**

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

**Note : 47**

**Employee benefit cost**

**Defined benefit plans**

Gratuity:

This is a defined benefit plan and the Company's Scheme is administered by Life Insurance Corporation of India (LIC). The liability is determined based on the actuarial valuation using projected unit credit method as at Balance Sheet date.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2020 by a private actuary.

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

	Valuation at	
	March 31, 2020 %	March 31, 2019 %
Discount rate(s)	6.70%	7.50%
Expected return on plan assets	6.70%	7.50%
Expected rate(s) of salary increase	6.70%	7.50%
Attrition rate	2.00%	1% - 3%

Cost of defined benefit plans are as follows.

	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	37.63	16.53
Interest on obligation	26.75	25.06
Expected return on plan assets <i>(to the extent it represents an adjustment to interest cost)</i>	(25.45)	(26.34)

**Net cost recognised in the Income Statement**

38.93	15.25
-------	-------

Expected return on plan assets *(to the extent it does not represent an adjustment to interest cost)*

	(1.05)
--	--------

Actuarial (gains)/losses recognized in the year

38.76	6.56
-------	------

**Net gain recognised in the Other Comprehensive Income**

38.76	5.51
-------	------

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

	As at March 31, 2020	As at March 31, 2019
Present value of funded defined benefit obligation	439.79	382.23
Fair value of plan assets	341.34	361.47
Net Liability / (Asset)	98.45	20.75

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

	Year ended March 31, 2020	Year ended March 31, 2019
Opening fair value of plan assets	361.47	334.08
Expected return on plan assets	25.45	27.39
Actuarial (gains)/losses	(1.45)	0.00
Contributions from the employer	6.93	0.00
Benefits paid	(51.07)	0.00
Closing fair value of plan assets	341.34	361.47

**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2020**

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

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

	Year ended March 31, 2020	Year ended March 31, 2019
Opening defined benefit obligation	382.23	334.08
Current service cost	37.63	16.53
Interest cost	26.75	25.06
Actuarial (gains)/losses	37.32	6.56
Transfer of obligations	6.93	
Benefits paid	(51.07)	0.00
Closing defined benefit obligation	439.79	382.23
Actuarial (gain)/loss on obligations attributable to change in financial assumptions		
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions		
Actuarial (gain)/loss on obligations attributable to experience adjustments		
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]		
Year 1	19.00	2.34
Year 2	18.30	0.00
Year 3	26.34	4.12
Year 4	88.64	21.41
Year 5	68.66	24.98
Years 6 through 10	220.68	131.18

**Notes:**

I. The entire plan assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC)

II. The expected / actual return on Plan assets is as furnished by LIC

III. The estimate of future salary increase takes in to account inflation, likely increments, promotions and other relevant factors.

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

The Company expects to make a contribution of Rs.125.44 Lakhs to the defined benefit plans during the next financial year.

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

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	39.01	30.47	405.27
Decrease in discount rate by 1 %	48.42	26.80	479.68
Increase in salary escalation by 1 %	48.43	31.51	479.80
Decrease in salary escalation by 1 %	38.92	26.47	404.51

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**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2020**

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

**Note : 48****Significant accounting judgements, estimates and assumptions**

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

**a. Judgements**

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

**b. Estimates and assumptions**

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

**Impairment of non-financial assets**

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

**Taxes**

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

**Defined benefit plans**

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

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

**Fair value measurement of financial instruments**

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

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

The Company measures land, buildings, plant and machinery classified as property, plant and equipment at revalued amounts with changes in fair value being recognised in OCI. The Company had engaged an independent valuation specialist to assess fair value for revaluation of land, buildings, plant and equipment as at March 31, 2019. Fair value of land was determined by using the market approach and building and plant & equipment was determined by using depreciated replacement cost (DRC) method. The key assumptions used to determine fair value of the property, plant and equipment are provided in Note 10.

**Note 49****Employees' benefits obligations****a. Defined contribution plan**

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

**b. Defined benefit plan****Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy. Fund is maintained with Life Insurance Corporation of India.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number:101049W/E300004

-Sd-

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: May 18, 2020

-Sd-

**P S Jayaraman**

Director

DIN : 00011108

-Sd-

**Lavanya Venkatesh**

Director

DIN : 07191585

-Sd-

**M Raman**

Company Secretary

-Sd-

**S Krishnan**

Chief Financial Officer

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Chemplast Cuddalore Vinyls Limited

### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying Ind AS financial statements of Chemplast Cuddalore Vinyls Limited (“the Company”), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to Note 1.2.2 to the financial statements which describes a composite Scheme of arrangement and the accounting for a common control business combination in accordance with the certified order of the National Company Law Tribunal dated April 26, 2019 approving the same involving the Company with effect from an appointed date of April 1, 2018 with restatement of comparative periods for the effect of this combination in accordance with Ind AS 103. Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management report and director's report, but does not include the Ind AS financial statements and our auditor's report thereon. Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

## **Responsibility of Management for the Ind AS Financial Statements**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;



- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2019;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 39 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

-Sd-

**per Aravind K**  
Partner  
Membership Number: 221268  
UDIN: 19221268AAAABF4068  
Place of Signature: Chennai  
Date: August 28, 2019

**Annexure 1 referred to in paragraph 1 of the section on report on other legal and regulatory requirements in our report of even date**

Re: Chemplast Cuddalore Vinyls Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
  
(b) Property, plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.  
  
(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on such physical verification have been properly adjusted in the books. Inventories lying with third parties have been confirmed by them as at March 31, 2019 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under clause 148(1) of the Act related to the manufacture of the Company's products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, goods and service tax, cess and other material statutory dues applicable to it have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount in Rs. Lakhs</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Customs Act, 1962	Customs Duty	215.80	2011-12 to 2012-13	CESTAT
Central Excise Act, 1944	Excise Duty/ Service tax/ Penalty	46.29	2011-12 to 2014-15	CESTAT

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company did not have any outstanding debentures or loans from government during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS Financial Statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, there are no transactions with the related parties which attract the provisions of Sections 177 and 188 of Companies Act, 2013.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

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

-Sd-

per **Aravind K**

Partner

Membership Number: 221268

UDIN: 19221268AAAABF4068

Place of Signature: Chennai

Date: August 28, 2019

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF CHEMPLAST CUDDALORE VINYL LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Chemplast Cuddalore Vinyls Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

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

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Ind AS Financial Statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

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

-Sd-

per **Aravind K**

Partner

Membership Number: 221268

UDIN: 19221268AAAABF4068

Place of Signature: Chennai

Date: August 28, 2019

**Chemplast Cuddalore Vinyls Limited**  
**Balance Sheet as at March 31, 2019**

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

Particulars	Note	As at March 31, 2019	As at March 31, 2018 (Restated)*	As at March 31, 2018*
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	10	110519.20	44491.54	0.07
Capital work-in-progress		208.44	20.27	-
Financial Assets				
(i) Investments	15	60.00	60.00	265400.55
(ii) Other Financial Assets	16	254.03	213.55	-
Deferred Tax Assets (Net)	29	-	-	2.31
Other non-current assets	17	160.06	216.44	-
		<u>111201.73</u>	<u>45001.80</u>	<u>265402.93</u>
<b>Current assets</b>				
Inventories	18	18736.29	19492.70	-
Financial Assets				
(i) Investments	19	31552.77	-	-
(ii) Trade Receivables	20	499.15	1507.77	1.56
(iii) Cash and cash equivalents	21	5025.43	3024.64	24.30
(iv) Other Bank balances	22	4.10	3.57	3.57
(v) Other Financial Assets	23	457.69	420.17	1.57
Other current assets	24	477.32	390.32	0.61
		<u>56752.75</u>	<u>24839.17</u>	<u>31.61</u>
<b>Total assets</b>		<b><u>167954.48</u></b>	<b><u>69840.97</u></b>	<b><u>265434.54</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	25	30303.03	30303.03	30000.00
Instruments entirely equity in nature	25b	235630.50	235630.50	235630.50
Other Equity	26	(263929.96)	(318001.41)	(203.60)
Total Equity		<u>2003.57</u>	<u>(52067.88)</u>	<u>265426.90</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings	27	8321.76	7653.67	-
(ii) Other Financial Liabilities	28	442.24	509.84	6.18
Deferred Tax Liabilities (Net)	29	30655.98	9186.70	-
Other non-current liabilities	30	865.87	215.79	-
		<u>40285.85</u>	<u>17566.00</u>	<u>6.18</u>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Borrowings	31	-	23764.33	-
(ii) Trade Payables	32	114120.90	76412.35	-
(iii) Derivative liabilities	33	4800.73	138.42	-
(iv) Other financial liabilities	34	3427.40	2179.11	0.24
Other current liabilities	35	1449.45	1848.64	1.22
Current Tax Liability		1866.58	-	-
		<u>125665.06</u>	<u>104342.85</u>	<u>1.46</u>
Total liabilities		<u>165950.91</u>	<u>121908.85</u>	<u>7.64</u>
<b>Total equity and liabilities</b>		<b><u>167954.48</u></b>	<b><u>69840.97</u></b>	<b><u>265434.54</u></b>

\* Refer Note 1.2 & Note 46

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

**For S.R. Batliboi & Associates LLP**

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

-Sd-

per Aravind K

Partner  
 Membership No: 221268  
 Place: Chennai  
 Date: August 28, 2019

-Sd-

**P S Jayaraman**  
 Director  
 DIN : 00011108

-Sd-

**M Raman**  
 Company Secretary

-Sd-

**Lavanya Venkatesh**  
 Director  
 DIN: 07191585

-Sd-

**S Krishnan**  
 Chief Financial Officer

**Chemplast Cuddalore Vinyls Limited**  
**Statement of Profit and Loss for the year ended March 31, 2019**

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

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018 (Restated) *	Year ended March 31, 2018 *
<b>Revenue</b>				
Revenue from operations	4	205229.34	205613.86	31.77
Other income	5	766.02	464.06	1.14
<b>Total Income</b>		<b>205995.36</b>	<b>206077.92</b>	<b>32.91</b>
<b>Expenses</b>				
Cost of materials consumed	6	164911.69	145224.93	-
Changes in inventories of finished goods and work-in-progress	7	(3662.98)	3792.82	-
Excise Duty		-	6874.63	-
Employees' benefit expense	8	3319.37	2757.50	21.78
Other expenses	9	20505.90	22028.05	239.40
Depreciation expense	10	2442.11	2404.28	0.02
Finance costs	11	6382.42	4008.39	0.35
<b>Total Expenses</b>		<b>193898.51</b>	<b>187090.60</b>	<b>261.55</b>
<b>Profit / (Loss) before tax</b>		<b>12096.85</b>	<b>18987.32</b>	<b>(228.64)</b>
<b>Tax expense:</b>				
Current Tax	12	(4584.58)	-	-
Deferred Tax		1925.00	(5684.09)	0.68
<b>Profit / (Loss) after tax</b>		<b>9437.27</b>	<b>13303.23</b>	<b>(227.96)</b>
<b>Other Comprehensive Income:</b>				
Items that will not be reclassified to Profit or Loss in subsequent periods	13			
- Remeasurement of Defined Benefit Plans		(5.51)	(30.06)	-
- Income tax expense relating to above item		1.93	10.50	-
- Revaluation of fixed assets		68033.98	-	-
- Income tax expense relating to above item		(23396.21)	-	-
<b>Total Other Comprehensive Income</b>		<b>44634.19</b>	<b>(19.56)</b>	<b>0.00</b>
<b>Total Comprehensive Income for the year</b>		<b>54071.46</b>	<b>13283.67</b>	<b>(227.96)</b>
<b>Basic and Diluted Earnings per share (equity shares, par value Rs 10/- each)</b>	14	<b>1.75</b>	<b>292.53</b>	<b>(15.02)</b>

\* Refer Note 1.2 & Note 46

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

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

-Sd-

-Sd-

**P S Jayaraman**

Director

DIN : 00011108

-Sd-

**Lavanya Venkatesh**

Director

DIN: 07191585

**per Aravind K**

Partner

Membership No: 221268

Place: Chennai

Date: August 28, 2019

-Sd-

**M Raman**

Company Secretary

-Sd-

**S Krishnan**

Chief Financial Officer



**Chemplast Cuddalore Vinyls Limited**

**Statement of Cash Flows for the year ended March 31, 2019**

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

	Year Ended March 31, 2019	Year Ended March 31, 2018 (Restated) *	Year Ended March 31, 2018*
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>	12096.85	18987.32	(228.64)
<i>Adjustments for:</i>			
Depreciation	2442.11	2404.28	0.02
Interest and finance charges	6382.42	4008.39	0.35
(Profit) / Loss on sale of Property, Plant & Equipment (net)	5.52	(4.02)	-
Share of income from partnership firm	(0.11)	(0.79)	(0.79)
Provision no longer required written back	168.20	-	-
Interest Income	(133.17)	(238.51)	(0.31)
Difference in fair value of derivative instruments	4800.73	(4154.47)	-
Unrealised (gain) / loss of foreign exchange transactions	(3493.52)	1125.80	-
Government Grant Income	(434.71)	(13.68)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>21834.32</u>	<u>22114.32</u>	<u>(229.36)</u>
<i>Adjustments for changes in:</i>			
Trade and other receivables	899.99	1300.66	(0.27)
Inventories	756.41	654.42	-
Trade and other payables	<u>41369.66</u>	<u>(9257.92)</u>	<u>0.89</u>
<b>CASH GENERATED FROM OPERATIONS</b>	64860.39	14811.48	(228.75)
Income taxes paid (net)	<u>(2718.00)</u>	<u>-</u>	<u>(0.57)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>62142.39</u>	<u>14811.48</u>	<u>(229.32)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase towards Property, Plant & Equipment	(622.55)	(418.05)	-
Margin Deposits placed/withdrawn with/from bank	(0.53)	-	-
Share of income from partnership firm	0.11	0.79	0.79
Interest Income	133.17	238.51	0.31
Investments (made) / redeemed in Current Instruments	(31552.77)	-	-
Investments (made) / redeemed in Non - Current Instruments	-	(265400.55)	(265400.55)
Proceeds from sale of Property, Plant & Equipment	<u>(5.52)</u>	<u>32.10</u>	<u>-</u>
<b>NET CASH FROM / USED IN INVESTING ACTIVITIES</b>	<u>(32048.09)</u>	<u>(265547.21)</u>	<u>(265399.45)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from long term borrowings	1747.00	-	-
Proceeds from Issue of equity shares	-	29995.00	29995.00
Proceeds from Issue of Debentures	-	235630.50	235630.50
Proceeds / (Repayment) from/of short term borrowings	(23458.09)	10239.84	-
Interest and finance charges paid	(6382.42)	(4008.39)	(0.35)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(28093.51)</u>	<u>271856.96</u>	<u>265625.15</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>2000.79</u>	<u>21121.23</u>	<u>(3.62)</u>
Cash and cash equivalents at the beginning of the year	3024.64	136.45	27.95
Adjustment pursuant to scheme of arrangement (Refer Note 1.2)	-	18233.03	-
Cash and cash equivalents at the end of the year	<u>5025.43</u>	<u>3024.64</u>	<u>24.30</u>

Notes: Figures in brackets indicate cash outflow

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

\* Refer Note 1.2 & Note 46

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

-Sd-  
**P S Jayaraman**  
Director  
DIN : 00011108

-Sd-  
**Lavanya Venkatesh**  
Director  
DIN: 07191585

-Sd-  
**per Aravind K**  
Partner  
Membership No: 221268  
Place: Chennai  
Date: August 28, 2019

-Sd-  
**M Raman**  
Company Secretary

-Sd-  
**S Krishnan**  
Chief Financial Officer

**Chemplast Cuddalore Vinyls Limited**  
**Statement of changes in equity for the year ended March 31, 2019**

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

Particulars	Equity	Other Equity				Total
	Share Capital	Capital Reserve	Retained earnings	Asset Revaluation Reserve	Capital Redemption Reserve	
<b>Balance at April 1, 2017</b>	5.00	(331309.45)	17.26	-	7.10	(331285.09)
Profit for the year	-	-	13303.23	-	-	13303.23
Add: Other Comprehensive Income (Refer Note 13)	-	-	(19.56)	-	-	(19.56)
Equity shares issued during the year	29995.00	-	-	-	-	-
<b>Balance at March 31, 2018</b>	30000.00	(331309.45)	13300.93	-	7.10	(318001.42)
Adjustment pursuant to scheme (Refer note 1.2)	303.03	-	-	-	-	-
<b>Balance at March 31, 2018 (Restated)</b>	30303.03	(331309.45)	13300.93	-	7.10	(318001.42)
Profit for the year	-	-	9437.27	-	-	9437.27
Add: Other Comprehensive Income (Refer Note 13)	-	-	(3.58)	44637.77	-	44634.19
<b>Balance at March 31, 2019</b>	<b>30303.03</b>	<b>(331309.45)</b>	<b>22734.62</b>	<b>44637.77</b>	<b>7.10</b>	<b>(263929.96)</b>

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

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

**-Sd-**  
**per Aravind K**  
**Partner**  
Membership No: 221268  
Place: Chennai  
Date: August 28, 2019

**-Sd-**  
**P S Jayaraman**  
Director  
DIN : 00011108

**-Sd-**  
**Lavanya Venkatesh**  
Director  
DIN: 07191585

**-Sd-**  
**M Raman**  
Company Secretary

**-Sd-**  
**S Krishnan**  
Chief Financial Officer

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2019**

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

#### **1.1 Corporate Information**

Chemplast Cuddalore Vinyls Limited ("the Company") is a public limited company incorporated and domiciled in Chennai. The registered office is located at Cathedral Road, Chennai. As of March 31, 2019, Sanmar Engineering Services Limited owns 100.00% of Chemplast Cuddalore Vinyls Limited's equity share capital and has the ability to control its operating and financial policies.

#### **1.2 Scheme of Arrangement**

The Composite Scheme of Arrangement ("Scheme") between the Company, Chemplast Sanmar Limited Limited ("Demerged Company" or "Transferee Company 1"), Sanmar Speciality Chemicals Limited ("Transferor Company 1"), Sanmar Engineering Services Limited ("Transferee Company 2") and SHL Securities (Alpha) Limited ("Transferor Company 2") and their shareholders under section 230 to 232 and other applicable provisions of the Companies Act 2013, was approved by the Board of Directors of all the Companies on December 21, 2018.

The Demerged Company was engaged, inter alia, in the business of manufacture and sale of PVC Resins (Suspension PVC and Speciality PVC resins) and Chlorochemicals.

The Resulting Company was engaged, inter alia, in the business of printing, designing and artwork.

The Scheme, inter alia provided for, with effect from 1st April 2018, being the Appointed Date, the demerger, transfer and vesting of the Demerged Undertaking from Demerged Company to the Resulting Company on a going concern basis, and the consequent issue of shares by the Resulting Company (as defined hereinafter) in the manner set out in the Scheme ("Demerger").

The salient features of the Scheme are as under:

(a) "Demerged Undertaking" means, inter alia, the undertaking of the Demerged Company engaged in Suspension PVC business as a going concern, including the entire business of such undertaking;

(b) The Demerged Company and the Resulting Company made composite applications and / or petitions under Section 230 read with Section 232 and other applicable provisions of the Companies Act, 2013 and rules thereunder to the National Company Law Tribunal, Chennai ("Tribunal / NCLT") for sanction of this Scheme and all matters ancillary or incidental thereto;

(c) The Demerged Undertaking along with all its assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. shall, without any further act, instrument or deed, shall be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company by virtue of, and in the manner provided in the Scheme;

(d) The Scheme of Arrangement with regard to the Demerger has become effective from the Appointed Date i.e. 1st April 2018 but operative from the Effective Date i.e. 20th May 2019 being the date of filing of a certified copy of the Order of NCLT by the Demerged Company and the Resulting company with the Registrar of Companies, Tamil Nadu, Chennai.

(e) The shares held by the Resulting Company in Transferor Company 2 SHL Securities (Alpha) Limited on the Effective Date shall stand cancelled and the amount of such investment cancelled shall be adjusted to Capital Reserve.

(f) Equity Share Capital of the Resulting Company:

The Resulting Company has issued and allotted 250 Fully Paid-up Equity Shares of Rs.10 each for every 66 Fully Paid-up Equity Shares of Rs.10 each of the Demerged Company held by the Shareholders as at the record date of the Demerged Company other than Transferor Company 1

#### **1.2.1 Capital Reserve**

i) Merger of Transferor Company 2 into the Company: The difference of Rs.279215.22 lakhs being the net assets transferred to the Company as reduced by Reserves recorded in the Company and as reduced by the share capital issued pursuant to the scheme and after giving effect to inter-company balances, shall be adjusted to the Capital Reserve of the Company.

ii) Demerger of Suspension PVC Undertaking : The difference of Rs.52094.23 lakhs being the excess of Carrying value of assets over liabilities of the Demerged Undertaking shall be adjusted to the Capital Reserve of the Company.

#### **1.2.2 Accounting for Business Combination**

The Composite Scheme of Arrangement ("Scheme") as referred to in Note 1.2 of the financial statements was approved by the National Company Law Tribunal on April 26, 2019 and filed with the Registrar of Companies on May 22, 2019. The scheme has become effective from the appointed date i.e., April 1, 2018. Accordingly, the financial information pertaining to the Demerged Undertaking of the Demerged Company have been included in all reporting periods presented. The Comparative figures pertaining to the Demerged Undertaking of the Demerged Company for the year ended March 31, 2018 are included in the financial statements based on their audited financials for the same period.

Accounting Treatment:

The Company has followed the accounting treatment prescribed in the said approved Scheme of Arrangement (to the extent applicable to it) as follows:

The merger has been accounted under the 'pooling of interest' method in accordance with Appendix C of Ind AS 103 'Business Combinations'.

Accordingly, the Company has recorded all the assets and liabilities pertaining to the Demerged Undertaking of the Demerged Company at their respective book values as appearing in the financial statements of the Demerged Company as on April 1, 2017.

Pursuant to the scheme of arrangement in Note 1.2 the previous period comparatives have been restated to give effect to the scheme in accordance with Ind AS 103.

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2019**

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

## **2 Basis of Preparation**

### **2.1 Changes in accounting policies**

#### **2.1.1 Revaluation of property, plant and equipment**

The Company re-assessed its accounting for Property, Plant and Equipment with respect to measurement of a certain classes of property, plant and equipment after initial recognition. The Company had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the assets were carried at cost less accumulated depreciation and accumulated impairment losses.

On 31 March 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

#### **2.1.2 Revenue from Contracts with Customers**

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers

The Company adopted Ind AS 115 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1st April 2018. Other amendments and interpretations were also applied for the first time during the current year, but do not have an impact on the financial statements of the Company.

### **2.2 Statement of Compliance:**

These financial statements of the Company have been prepared and presented from April 1, 2018 to March 31, 2019 ("year") in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which are measured at fair value (also refer accounting policy regarding financial instruments):

- a. derivative financial instruments
- b. investment in unquoted equity shares
- c. Property, Plant and Equipment under revaluation model

The financial statements are presented in INR and are rounded off to the nearest lakh, except when otherwise indicated. These financial statements were authorised for issue by the Company's Board of Directors on August 28, 2019.

### **2.3 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products/activities, the Company has determined its operating cycle as twelve months for the above purpose of classification as current and non-current.

## **3 Significant Accounting Policies**

### **3.1 Foreign currency transactions**

Foreign currency transactions are recorded at the rate of exchange prevailing as on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currency are converted at year end rates. Exchange differences arising on settlement / conversion are adjusted in the Statement of Profit and Loss.

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2019

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

#### 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 classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Disclosures for valuation methods, significant estimates and assumptions (Note 44)
- ▶ Quantitative disclosures of fair value measurement hierarchy (Note 36.9)
- ▶ Investment in unquoted equity shares (Note 15)

#### 3.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

##### Initial recognition and measurement:

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### 3.3.1 Financial Assets

###### i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

###### ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- a. Debt instruments at amortised cost;
- b. Derivatives and equity instruments at fair value through profit or loss (FVTPL);
- c. Investments at cost.

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2019

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

#### a. Debt instruments at amortised cost;

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 36.2.2.

#### b. Financial assets at FVTPL

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

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

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

#### C. Investments at cost:

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

### 3.3.1.1 Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance :

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in Credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the Credit risk since initial recognition. If Credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if Credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, Credit quality of the instrument improves such that there is no longer a significant increase in Credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected Credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other Credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2019**

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

#### **3.3.1.2 Derecognition of financial assets**

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

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

#### **3.3.2 Financial liabilities and equity instruments**

##### **3.3.2.1 Classification as debt or equity**

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

##### **3.3.2.2 Equity instruments**

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

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

##### **3.3.2.3 Financial liabilities**

###### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

###### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

###### **Loans and borrowings:**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 36.2.2.

##### **3.3.2.4 Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of profit and loss. Fair value is determined in the manner described in Note 36.9.

##### **3.3.2.5 Derecognition of financial liabilities**

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

##### **3.3.3 Offsetting of financial instruments:**

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

##### **3.3.4 Effective interest method**

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

## Chemplast Cuddalore Vinyls Limited

### Notes forming part of financial statements for the year ended March 31, 2019

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

#### 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

As detailed in Note 2.1.1, effective March 31, 2019, the Company has changed its method of accounting for certain categories of Property plant and equipment. Property, Plant & Equipment are initially recognised at cost.

After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The gross carrying amount was restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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.

Apart from the above, the Company follows the cost model for Motor cars, Office equipments, Furniture & Fittings.

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

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

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

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

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

#### 3.5 Inventories

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

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



## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2019**

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

#### **3.6 Retirement and Employees benefits**

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

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

Provident Fund:

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

Gratuity:

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

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

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

#### **3.7 Revenue recognition**

Revenue from contracts with customers:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks

Sale of goods:

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Service Income:

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Share of income from partnership firm

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

Interest income

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

#### **3.8 Leases**

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

Company as a lessor:

A lease is classified at the inception date as a finance lease or an operating lease. Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee.

Company as a lessee:

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

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

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

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2019**

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

#### **3.9 Taxes**

##### **Income Tax**

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

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

##### **Deferred tax**

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

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

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

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

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

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

Current tax / deferred tax relating to items recognised outside the statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax / deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### **Minimum Alternate Tax (MAT)**

MAT paid in a year is charged to the statement of profit and loss as current tax for the year. MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax during the specified period. i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

#### **3.10 Cash and cash equivalents**

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

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

#### **3.11 Provisions and contingencies**

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

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

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

## **Chemplast Cuddalore Vinyls Limited**

### **Notes forming part of financial statements for the year ended March 31, 2019**

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

#### **3.12 Government grants**

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

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

#### **3.13 Intangible assets**

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

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

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

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

#### **3.14 Borrowing costs:**

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

#### **3.15 Impairment of non-financial assets:**

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

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

#### **3.16 Earnings per share**

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

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

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

	Year ended March 31, 2019	Year ended March 31, 2018 (Restated) *	Year ended March 31, 2018
<b>Note : 4</b>			
<b>Revenue</b>			
Revenue from the sale of goods *	205150.10	205551.61	-
Artwork and designing charges	19.15	17.33	17.33
Agency commission	12.03	12.86	12.86
Advertisement charges received	3.79	1.58	1.58
<b>Other operating revenue</b>			
Revenue from sale of scrap	44.27	30.48	-
	<b>205229.34</b>	<b>205613.86</b>	<b>31.77</b>

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

Revenue as per Contracted Price	209043.05	210779.83	31.77
<i>Adjustments towards:</i>			
Volume Rebates	2035.85	2774.34	-
Other discounts	1857.10	2453.88	-
<b>Revenue as per statement of profit and loss</b>	<b>205150.10</b>	<b>205551.61</b>	<b>31.77</b>

\* 1. The entire revenue is recognised at a point in time coinciding with the transfer of control over goods and services as per Ind AS115

2. Revenue from operations for the period up to June 30, 2017 includes excise duty. From July 1, 2017 excise duty and most Indirect taxes have been replaced with Goods and Service Tax (GST). GST is not includible in revenue from operations (Refer Note 3.6 of Accounting Policy). In view of aforesaid changes in indirect taxes, revenue from operations for the period ended March 31, 2019 is not comparable with March 31, 2018

**Note : 5**

**Other income**

Share of income from partnership firm	0.11	0.79	0.79
Gain on disposal of property, plant and equipment (net)	-	4.02	-
Provisions no longer required written back	168.20	-	-
Amortization of government grant	434.71	13.68	-
Interest Income on financial assets at amortised cost	133.17	238.51	0.31
Miscellaneous income	29.83	207.06	0.04
	<b>766.02</b>	<b>464.06</b>	<b>1.14</b>

**Note : 6**

**Cost of materials consumed**

Inventories of materials at the beginning of the year	16577.57	12656.10	-
Add: Purchases	160780.69	149146.40	-
Less: Inventories of materials at the end of the year	12446.57	16577.57	-
	<b>164911.69</b>	<b>145224.93</b>	<b>-</b>

**Note : 7**

**Changes in inventories of finished goods and work in progress**

Inventories at the beginning of the year			
Work in progress	244.95	136.05	-
Finished goods	934.63	5552.24	-
	<b>1179.58</b>	<b>5688.29</b>	<b>-</b>
Inventories at the end of year			
Work in progress	152.67	244.95	-
Finished goods	4689.89	934.63	-
	<b>4842.56</b>	<b>1179.58</b>	<b>-</b>
Excise duty on closing stock of finished goods	-	-	-
Less: Excise duty on opening stock of finished goods	-	(715.89)	-
	<b>(3662.98)</b>	<b>3792.82</b>	<b>-</b>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

	Year ended March 31, 2019	Year ended March 31, 2018 (Restated) *	Year ended March 31, 2018
<b>Note : 8</b>			
<b>Employees' benefit expense</b>			
Salaries and wages	3128.16	2602.50	20.12
Contribution to provident and other funds	79.46	71.05	0.86
Gratuity Expense	16.97	0.79	0.72
Staff welfare expenses	94.78	83.17	0.09
	<u>3319.37</u>	<u>2757.51</u>	<u>21.78</u>

<b>Note : 9</b>			
<b>Other expenses</b>			
Power and fuel	5036.61	5088.66	-
Stores consumed	4424.07	4033.34	-
Rent	319.60	341.38	1.20
Insurance	269.59	244.74	-
Rates and taxes	97.42	300.74	226.06
Repairs and maintenance			
- Machinery	784.89	873.45	-
- Building	76.91	108.31	-
- Others	489.25	580.60	1.54
Freight and handling	1559.39	1717.35	-
Difference in foreign exchange (net) *	4008.49	5349.92	-
Operation & Maintenance expenses	963.65	813.89	-
Payment to auditor ^	36.89	34.74	0.11
Miscellaneous expenses	2439.14	2540.93	10.49
	<u>20505.90</u>	<u>22028.05</u>	<u>239.40</u>

\*Net of fair value gain on derivative instruments at FVTPL of Rs. 4662.31.74 lakhs (2017-18:Loss Rs. 4346.45 Lakhs)

<b>^ Payment to auditor</b>			
For Statutory Audit	29.37	27.06	0.06
For Tax Audit	4.91	4.59	-
For Other Services	2.19	2.71	0.05
For Reimbursement of Expenses	0.42	0.38	-
	<u>36.89</u>	<u>34.74</u>	<u>0.11</u>

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**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

	Year ended March 31, 2019	Year ended March 31, 2018 (Restated) *	Year ended March 31, 2018
<b>Note : 11</b>			
<b>Finance costs</b>			
Interest on bank overdrafts and loans	3024.52	1933.62	-
Other finance costs	3301.99	1995.22	-
Bank charges	55.91	79.55	0.35
	6382.42	4008.39	0.35

**Note: 12**

**Income tax expenses**

Current Tax:

Current Income tax charge	4584.58	-	-
<u>Deferred tax:</u>			
Relating to origination and reversal of temporary differences	(1925.00)	5684.09	(0.68)
Income tax expense reported in statement of profit and loss	2659.58	5684.09	(0.68)

Other comprehensive income (OCI):

Net loss/(gain) on remeasurements of defined benefit obligations	(1.93)	(10.50)	-
Net loss/(gain) on remeasurements of revaluation of fixed assets	23396.21	-	-
Income tax charged to OCI	23394.28	(10.50)	-

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018**

The tax on the company's profit before tax differs from the theoretical amount that would arise using the standard rate of corporation tax in India (29.12%) as follows:

Accounting profit before tax	12096.85	18987.32	-
Profit before Income tax multiplied by standard rate of corporate tax in India (29.12%) as follows:	3522.60	5529.11	-
<i>Effects of:</i>			
Impact of Government grant being recognised on below-par loan from Government	(126.59)	(3.98)	-
Leashold land rent charges claimable under Income Tax	(350.84)	-	-
Others	(385.60)	158.96	-
Net effective Income tax	2659.58	5684.09	-

**Note 13**

**Components of Other Comprehensive Income (OCI)**

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

	Retained Earnings	Revaluation surplus	Total
<b>During the year ended 31 March 2019</b>			
Re-measurement gains/(losses) on defined benefit obligations	(3.58)	44637.77	44634.19
<b>During the year ended 31 March 2018 (Restated)</b>			
Re-measurement gains/(losses) on defined benefit obligations	(19.56)	-	(19.56)
<b>During the year ended 31 March 2018</b>			
Re-measurement gains/(losses) on defined benefit obligations	-	-	-

**Note 14**

**Earnings per share [EPS]:**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

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

Earnings per share :

Profit/(Loss) after tax	9437.27	13303.23	(227.96)
Earnings used in the calculation of earnings per share	9437.27	13303.23	(227.96)
Weighted average number of Equity shares for EPS	538660803	4547647	1517344
<b>Basic and diluted earnings per share</b>			
Basic earnings per share	1.75	292.53	(15.02)
Diluted earnings per share	1.75	292.53	(15.02)

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note : 10**

**Property, plant and equipment**

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Cost or valuation</b>								
Balance at April 01, 2017	-	-	-	12.09	0.32	0.23	-	12.64
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Balance at March 31, 2018	-	-	-	12.09	0.32	0.23	-	12.64
Adjustments *	5521.35	667.12	3322.33	39582.81	98.17	44.67	74.80	49311.25
Balance at March 31, 2018 (Restated)	5521.35	667.12	3322.33	39594.90	98.49	44.90	74.80	49323.89
Additions	-	336.88	-	79.54	1.43	0.09	27.34	445.28
Disposals	-	-	-	-	-	-	11.83	11.83
Adjustments towards revaluation	194.09	3047.56	3269.40	54332.35	-	-	-	60843.40
Balance As at March 31, 2019	5715.44	4051.56	6591.73	94006.79	99.92	44.99	90.31	110600.75
<b>Accumulated depreciation and impairment</b>								
Balance at April 01, 2017	-	-	-	12.00	0.32	0.23	-	12.55
Depreciation expense	-	-	-	0.02	-	-	-	0.02
Eliminated on disposals of assets	-	-	-	-	-	-	-	-
Balance at March 31, 2018	-	-	-	12.02	0.32	0.23	-	12.57
Adjustments *	-	15.03	583.78	4173.04	21.08	11.99	14.86	4819.78
Balance at March 31, 2018 (Restated)	-	15.03	583.78	4185.06	21.40	12.22	14.86	4832.35
Depreciation expense	-	7.80	292.81	2118.15	13.25	3.77	6.33	2442.11
Eliminated on disposals of assets	-	-	-	-	-	-	2.34	2.34
Adjustments towards revaluation**	-	(22.82)	(876.59)	(6291.16)	-	-	-	(7190.57)
Balance As at March 31, 2019	-	-	-	12.05	34.65	15.99	18.85	81.55
Balance As at March 31, 2019	5715.44	4051.56	6591.73	93994.75	65.27	29.00	71.46	110519.20
Balance As at March 31, 2018 (Restated)	5521.35	652.09	2738.55	35409.84	77.09	32.68	59.94	44491.54
Balance As at March 31, 2018	-	-	-	0.07	-	-	-	0.07

\* Adjustment pursuant to the Scheme of Arrangement (Refer Note 1.2)

\*\* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset

**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note : 10****Property, plant and equipment ( continued)****Revaluation of Property, Plant and Equipment**

Fair value of property, plant and equipment was determined by using the market value method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation of 31 March 2019, the properties' fair values are based on valuations performed by RBSA Valuation Advisors LLP an accredited independent valuer who has relevant valuation experience in India.

**Information of revaluation model:**

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

<b>Net book value</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
	<b>INR lacs</b>	<b>INR lacs</b>
Cost	49757.35	49323.89
Accumulated depreciation and impairment	7272.12	4832.35
<b>Net carrying amount</b>	<b>42485.23</b>	<b>44491.54</b>

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

The Company uses the following hierarchy for determining and disclosing the fair value of its freehold land, buildings and plant and equipment:

	<b>Fair value measurement using</b>		
	<b>Quoted prices in active markets</b>	<b>Significant observable inputs</b>	<b>Significant unobservable inputs</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Rs Lakhs</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>
<b>Assets measured at fair value:</b>			
Revalued Property, Plant and Equipment			
Freehold Land	5715.44	-	5715.44
Leasehold Land	3722.47	-	3722.47
Buildings	6884.54	-	6884.54
Plant and Machinery	96033.35	-	96033.35
<b>112355.80</b>	<b>-</b>	<b>9437.91</b>	<b>102917.89</b>

**“Significant Observable and unobservable Valuation Inputs :**

The value of land was determined based on condition, location, demand, supply in and around and other infrastructure facility available at and around the said plot of land. Land which was based on government promoted industrial estates, was measured on the present fair market value depending on the condition of the said estates, its location and availability of such plots in the said industrial estate.

The valuation of Buildings and Plant and equipment was based on its present fair market value after allowing for the depreciation of the particular assets, as well as the present condition of the assets (Depreciated Replacement Cost Method). The replacement value of the said assets as well as its maintenance up-keep is considered while working out its present fair value.”



**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

	As at March 31, 2019	As at March 31, 2018 (Restated)	As at March 31, 2018
<b>Note : 15</b>			
<b>Investments at FVTPL</b>			
<b>Investments in the shares of bodies corporate</b>			
<u>Unquoted fully paid equity shares</u>			
Sai Regency Power Corporation Private Limited (600000 Equity shares)	60.00	60.00	-
<b>Investments at Cost</b>			
Investment in equity shares of subsidiary company SHL Securities (Alpha) Limited	-	-	265400.55
	<u>60.00</u>	<u>60.00</u>	<u>265400.55</u>
<b>Note : 16</b>			
<b>Other non-current financial assets</b>			
(Unsecured, considered good)			
Security deposits	254.03	191.91	-
Non-current bank deposits	-	0.50	-
Sundry receivables	-	21.14	-
	<u>254.03</u>	<u>213.55</u>	<u>-</u>
<b>Note : 17</b>			
<b>Other non-current assets</b>			
Security Deposit - Government Authorities	137.06	198.03	-
Capital Advances	23.00	18.41	-
	<u>160.06</u>	<u>216.44</u>	<u>-</u>
<b>Note : 18</b>			
<b>Inventories</b>			
Raw materials	450.41	291.76	-
Work-in-progress	152.67	244.95	-
Finished goods	4689.89	934.63	-
Stores and spares	1447.17	1735.55	-
Intermediates	11996.15	16285.81	-
	<u>18736.29</u>	<u>19492.70</u>	<u>-</u>
<b>Note :</b>			
Inventories includes Goods in transit			
Intermediaries	8642.70	10124.90	-
Stores and Spares	2.23	181.60	-
	<u>8644.93</u>	<u>10306.50</u>	<u>-</u>
<b>Note : 19</b>			
<b>Current Investments at cost</b>			
(Non-trade - Unquoted)			
Investment in partnership firm *	31552.77	-	-
	<u>31552.77</u>	<u>-</u>	<u>-</u>
* Refer Note 38 for details of Investments			
<b>Note : 20</b>			
<b>Trade receivables</b>			
<b>Unsecured, considered good**</b>			
Receivable from others	499.15	1507.77	1.56
	<u>499.15</u>	<u>1507.77</u>	<u>1.56</u>

\*\* Trade Receivables are non interest bearing and are generally on terms of 0-60 days

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

	As at March 31, 2019	As at March 31, 2018 (Restated)	As at March 31, 2018
<b>Note : 21</b>			
<b>Cash and cash equivalents</b>			
Bank balances			
-in current account	5025.13	3024.28	24.28
Cash on hand	0.30	0.36	0.02
	<b>5025.43</b>	<b>3024.64</b>	<b>24.30</b>
<b>Note : 22</b>			
<b>Other bank balances</b>			
Margin deposits	4.10	3.57	3.57
	<b>4.10</b>	<b>3.57</b>	<b>3.57</b>
<b>Note : 23</b>			
<b>Other current financial assets</b>			
Security deposits	4.96	3.59	-
Sundry receivable	3.42	30.62	-
Claims receivables	431.34	371.58	-
Unbilled revenue	1.82	1.03	1.03
Interest receivable	16.15	13.35	0.54
	<b>457.69</b>	<b>420.17</b>	<b>1.57</b>
<b>Note : 24</b>			
<b>Other current assets</b>			
Prepaid expenses	83.39	74.17	0.61
Balances with Government authorities	-	123.93	-
Advances given to suppliers	393.93	192.22	-
	<b>477.32</b>	<b>390.32</b>	<b>0.61</b>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

Note : 25	As at March 31, 2019	As at March 31, 2018 (Restated)*	As at March 31, 2018
<b>Equity Share capital</b>			
<b>Authorised</b>			
34,080,000 Equity shares of Rs.10 each (Previous year 30,00,00,000 Equity shares of Rs.10 each)	30408.00	30408.00	30000.00
8000 4% cumulative redeemable preference shares of Rs. 100/- each	8.00	-	8.00
	<b>30416.00</b>	<b>30408.00</b>	<b>30008.00</b>
<b>Issued Share Capital</b>			
30,30,30,300 equity shares of Rs.10/- each (30,00,00,000 equity shares of Rs.10/- each)	<b>30303.03</b>	30303.03	30000.00
<b>Subscribed and fully paid-up</b>			
30,30,30,300 equity shares of Rs.10/- each (30,00,00,000 equity shares of Rs.10/- each)	30303.03	30303.03	30000.00
	<b>30303.03</b>	<b>30303.03</b>	<b>30000.00</b>

**25 a Rights, Preferences and Restrictions attached to shares**

The Company's share capital comprises of ordinary share capital having face value of Rs.10 per share. Each holder is entitled to receive dividends as and when declared, a right to vote in proportion to holding and other rights, preferences and restrictions are governed by the statutory provisions.

**25b Rights, Preferences and Restrictions attached to Zero Coupon Compulsorily Convertible Debentures**

- (i) The Zero Coupon Compulsorily Convertible Debentures (CCD) shall not carry any interest.
- (ii) The CCD are compulsorily convertible into equity shares of the company, at par, anytime as may be decided by the Company, but not later than 9 years from the date of allotment.
- (iii) The application for CCD shall be deemed to be the application for Shares when the conversion takes place.
- (iv) The CCD being unsecured shall rank pari passu with all other unsecured borrowings, existing and future.
- (v) The CCD are not marketable securities and can be transferred only at the discretion of the Company.
- (vi) The equity shares to be issued on conversion shall rank pari passu in all respects with the equity shares existing on the date of conversion.

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

Particulars	No. of Shares	Share Capital
Balance at April 01,2017	50000	5.00
Issued during the year	299950000	29995.00
Balance at March 31, 2018	<b>300000000</b>	<b>30000.00</b>
Adjustment pursuant to scheme - Refer Note 1.2	3030303	303.03
Balance at March 31, 2018 (Restated)	<b>303030303</b>	<b>30303.03</b>
Issued during the year	-	-
Balance at 31 March 2019	<b>303030303</b>	<b>30303.03</b>

**B. Reconciliation of CCD outstanding at the beginning and at the end of the period**

Particulars	No. of CCD	Amount
Balance at 1 April 2017	-	-
Issued during the year	235631	235630.50
Balance at 31 March 2018	<b>235631</b>	<b>235630.50</b>
Issued during the year	-	-
Balance at 31 March 2019	<b>235631</b>	<b>235630.50</b>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

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

	As at March 31, 2019		As at March 31, 2018 (Restated)	
	No. of shares	% of holding	No. of shares	% of holding
Sanmar Engineering Services Limited (Holding Company) & its nominees of face value of Rs.10 each	3030303030	100%	3030303030	100%

**Rights, Preferences and Restrictions attached to shares**

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

**Note: 26**

**Other Equity**

	As at March 31, 2019	As at March 31, 2018 (Restated)	As at March 31, 2018
Asset Revaluation reserve	44637.77	-	-
Retained earnings (Refer A below)	22734.63	13300.94	(210.70)
Capital Reserve (Refer B below)	(331309.45)	(331309.45)	-
Capital Redemption Reserve	7.10	7.10	7.10
	<b>(263929.94)</b>	<b>(318001.41)</b>	<b>(203.60)</b>

**(A) Retained Earnings**

Balances at the beginning of the year	13300.94	17.26	17.26
Profit for the year	9437.27	13303.24	(227.96)
Other Comprehensive Income	(3.58)	(19.56)	-
Balances at the end of the year	<b>22734.63</b>	<b>13300.94</b>	<b>(210.70)</b>

**(B) Capital Reserve**

Balances at the beginning of the year	(331309.45)	(331309.45)	-
Balances at the end of the year	<b>(331309.45)</b>	<b>(331309.45)</b>	-

**Note : 27**

**Non Current Borrowings**

**Secured – at amortized cost**

SIPCOT Soft Loan	8321.76	7653.67	-
	<b>8321.76</b>	<b>7653.67</b>	-

**Summary of borrowing arrangements**

Term loans from SIPCOT amounting to Rs. 8321.76 Lakhs (Previous year Rs. 7653.67 Lakhs), is secured by first pari passu charge on specific land, buildings and plant and machinery. The loan drawn is repayable in the 10th year of eligibility.

**Note : 28**

**Other non-current financial liabilities**

Trade Deposits	196.43	90.00	-
Accrued salaries and benefits	95.16	279.31	6.18
Other Payables	150.65	140.53	-
	<b>442.24</b>	<b>509.84</b>	<b>6.18</b>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

	As at March 31, 2019	As at March 31, 2018 (Restated)	As at March 31, 2018
<b>Note : 29</b>			
<b>Deferred tax liabilities / (Assets) (Net)</b>			
A. Deferred tax liability			
Difference between book and tax written down value of depreciable Property, Plant & Equipment	32051.53	9299.25	-
B. Deferred tax assets			
Expenses allowable on payment basis	(289.92)	(102.98)	-
MTM/Forward Premium claimable in future	(1083.43)	-	-
Others	(22.19)	(9.57)	(2.31)
	<u><u>30655.99</u></u>	<u><u>9186.70</u></u>	<u><u>(2.31)</u></u>

**Note : 30**

**Other non-current liabilities**

Government grant*	865.30	215.79	-
Other liabilities	0.57	-	-
	<u><u>865.87</u></u>	<u><u>215.79</u></u>	<u><u>-</u></u>

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

**Note : 31**

**Current Borrowings**

*Secured – at amortized cost*

Buyer's credit	-	23764.33	-
	<u><u>-</u></u>	<u><u>23764.33</u></u>	<u><u>-</u></u>

**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 company (excluding specifically charged land and buildings).

	As at March 31, 2019	March 31, 2018 (Restated)*	As at March 31, 2018
<b>Note : 32</b>			
<b>Trade payables</b>			
Trade payables*	114120.90	76412.35	-
	<u><u>114120.90</u></u>	<u><u>76412.35</u></u>	<u><u>-</u></u>

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

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

\* Refer Note 41 for dues related to Micro and Small enterprises.

**Note : 33**

**Derivative Instruments**

Derivative liabilities <sup>#</sup>	4800.73	138.42	-
	<u><u>4800.73</u></u>	<u><u>138.42</u></u>	<u><u>-</u></u>

# While the company entered into foreign exchange forward contracts with the intention of reducing foreign exchange risk of purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss

**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note : 34****Other current financial liabilities**

Interest accrued but not due on loans	-	88.04	-
Trade Deposits	-	50.00	-
Payable / Accrual towards Capital Expenditure	1.41	-	-
Accrued salaries and benefits	1517.00	625.14	-
Other Payables	1908.99	1415.93	0.24
	<u><b>3427.40</b></u>	<u>2179.11</u>	<u>0.24</u>

**Note : 35****Other current liabilities**

Government grant	58.85	13.68	-
Other Liabilities	490.00	652.27	0.93
Advance from customers	900.14	1182.40	-
Withholding and other tax payables	0.46	0.29	0.29
	<u><b>1449.45</b></u>	<u>1848.64</u>	<u>1.22</u>

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**Chemplast Cuddalore Vinyls Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019 - continued**  
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

**Note:36**  
**Financial instruments**

**36.1 Capital management**

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

The capital structure of the Company consists of debt, which includes the borrowings (Note 28, 31 and 34), cash and cash equivalents (Note 21) and equity attributable to equity holders of the Company, comprising issued capital, premium, capital redemption reserve and retained earnings.

**Gearing ratio**

During the year 2018-19, the Company's strategy was to reduce the dependency on debt. The gearing ratios at March 31, 2019, March 31, 2018 were as follows\*:

	<b>As at March 31, 2019</b>	<b>As at March 31, 2018 Restated</b>	<b>As at March 31, 2018</b>
Borrowings	8321.76	31418.00	-
Cash and Cash Equivalents	5025.43	3024.64	24.30
Net debt	<u>3296.33</u>	<u>28393.36</u>	<u>(24.30)</u>
Equity (Refer ii below)	2003.57	(52067.88)	265426.90
Gearing Ratio	1.65	(0.55)	(0.00)

(i) Debt is defined as long- and short-term borrowings (excluding derivatives)

(ii) Equity includes all capital and reserves of the Company that are managed as capital.

**36.2 Categories of financial assets and liabilities carried at amortised cost**

	<b>As at March 31, 2019</b>	<b>As at March 31, 2018 Restated</b>	<b>As at March 31, 2018</b>
<b>36.2.1 Financial assets at amortised cost</b>			
Cash and bank balances (Note 21)	5025.43	3024.64	24.30
Other Bank Balances (Note 22)	4.10	3.57	3.57
Trade receivables (Note 20)	499.15	1507.77	1.56
Other financial assets (Note 16 & 23)	711.72	633.72	1.57
Total	<b>6240.40</b>	<b>5169.70</b>	<b>31.00</b>
<b>36.2.2 Financial liabilities- At amortised cost</b>			
Borrowings (Note 27, 31 )	8321.76	31418.00	-
Trade payables (Note 32)	114120.90	76412.35	-
Other financial liabilities (Note 29 & 34)	3869.64	2688.95	6.42
Total	<b>126312.30</b>	<b>110519.30</b>	<b>6.42</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 investment, loans, trade and other receivables, cash & cash equivalents that derive directly from its operations.

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

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

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

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

**Chemplast Cuddalore Vinyls Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019 - continued**  
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

**36.4 Market risk**

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

**36.5 Foreign currency risk management**

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

**36.5.1 Foreign currency sensitivity analysis**

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

Particulars	Change in currency exchange rate	Effect on Profit before Tax and Pre Tax Equity		
		March 31, 2019	March 31, 2018 Restated	March 31, 2018
USD	1%	1193.27	9931.76	-

**36.6 Commodity price risk**

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

Prices of PVC manufactured by the Company are monitored by Company's management and adjusted to respond to change in import parity price of PVC in Indian market. The prices of VCM (Input) and PVC (Output) generally move in the same direction thereby maintaining the margins more or less at the same levels over a period of time. Therefore the Company is not significantly exposed to the variation in commodity prices over a period for the above products.

**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 has no exposure to borrowing arrangements with variable interest rates & consequently expects no effect on profit before tax

**36.8 Credit risk management**

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

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

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

None of the Companies' cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2019, that defaults in payment obligations will occur.

**36.7.1 Trade receivables**

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

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

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 180 days	More than 180 days	
Trade Receivables as of March 31, 2019	499.15	-	-	499.15
Trade Receivables as of March 31, 2018- restated	1230.14	277.63	-	1507.77
Trade Receivables as of March 31, 2018	1.56	1.56	-	3.12



**Chemplast Cuddalore Vinyls Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019 - continued**  
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

**36.7.2 Financial instruments and cash deposits**

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

**36.8 Liquidity risk management**

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

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

<b>March 31, 2019</b>	Less than a year	More than a year	Total
Non-interest bearing (including derivatives)	261.44	442.24	703.68
Interest bearing (excluding interest accrual)	113859.46	8321.76	<u>122181.22</u>
			<u><b>122884.90</b></u>
<b>March 31, 2018- Restated</b>	Less than a year	More than a year	
Non-interest bearing (including derivatives)	11942.19	509.84	12452.03
Interest bearing (excluding interest accrual)	64470.16	7653.67	<u>72123.83</u>
			<u><b>84575.86</b></u>
<b>March 31, 2018</b>	Less than a year	More than a year	
Non-interest bearing (including derivatives)	-	-	-
Interest bearing (excluding interest accrual)	-	-	<u>-</u>
			<u><b>-</b></u>

**36.9 Fair value hierarchy for Financial Instruments**

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).

	<b>Fair value hierarchy as at March 31, 2019</b>		
	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>			
Investments	-	-	60.00
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities	-	4800.73	-
	<b>Fair value hierarchy as at March 31, 2018- restated</b>		
	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>			
Investments	-	-	60.00
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities	-	138.42	-
	<b>Fair value hierarchy as at March 31, 2018</b>		
	Level 1	Level 2	Level 3
<b>Financial Assets measured at fair value</b>			
Investments			265400.55
<b>Financial liabilities measured at fair value</b>			
Derivative liabilities			-

**Chemplast Cuddalore Vinyls Limited**  
**Notes forming part of financial statements for the year ended March 31, 2019 - continued**  
(All amounts are in Indian Rupees in Lakhs unless otherwise stated)

**36.10 Fair values**

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

	Carrying value			Fair value		
	As at March 31, 2019	As at March 31, 2018- Restated	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018- Restated	As at March 31, 2018
<b>Financial assets</b>						
Investments	31612.77	60.00	265400.55	31612.77	60.00	265400.55
<b>Other financial assets:</b>						
Deposits	263.09	199.57	-	263.09	199.57	-
Sundry receivables	3.42	51.76	-	3.42	51.76	-
Claims receivable	431.34	371.58	-	431.34	371.58	-
Trade receivables	499.15	1507.77	1.56	499.15	1507.77	1.56
Cash and cash equivalents	5025.43	3024.64	24.30	5025.43	3024.64	24.30
<b>Total</b>	<b>37835.20</b>	<b>5215.32</b>	<b>265426.41</b>	<b>37835.20</b>	<b>5215.32</b>	<b>265426.41</b>
<b>Financial liabilities</b>						
<b>Borrowings:</b>						
Fixed rate borrowings	8321.76	7653.67	-	8321.76	7653.67	-
Trade payables	114120.90	76412.35	-	114120.90	76412.35	-
<b>Other financial liabilities:</b>						
Accrued salaries and benefits	1612.16	904.45	6.18	1612.16	904.45	6.18
Other payables	2257.48	1696.46	0.24	2257.48	1696.46	0.24
<b>Derivatives not designated as hedge</b>						
Foreign exchange forward contracts	4800.73	138.42	-	4800.73	138.42	-
<b>Total</b>	<b>131113.03</b>	<b>86805.35</b>	<b>6.42</b>	<b>131113.03</b>	<b>86805.35</b>	<b>6.42</b>

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

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

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

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note: 37**

**Related party transactions**

**List of parties where control exists**

Sanmar Engineering Services Limited	Ultimate Holding Company
SHL Securites (Alpha) Limited	Subsidiary Company (19.09.2017 to 01.04.2018)

**Fellow Subsidiaries**

Chemplast Sanmar Limited (w.e.f 01-04.2018)
SCL Property Holdings Limited (upto 18-09-2017)
Sanmar Speciality Chemicals Limited (Division of Chemplast Sanmar Limited w.e.f 01.04.2018)

**Key Management Personnel**

**Terms and conditions of transactions with related parties:**

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

There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2019, the company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Rs. Nil).

This assessment is undertaken in each financial year through examining the financial position of related party and the market in which the related party operates

Description	Parties where control exists			Jointly Controlled Entities / Fellow Subsidiaries			Key Management Personnel	
	2018-19	2017-18 Restated	2017-18	2018-19	2017-18 Restated	2017-18	2018-19	2017-18
Transactions during the year								
<b>Sales</b>								
Chemplast Sanmar Limited				52.65	11.60	11.87		
Sanmar Engineering Services Limited				0.77	0.40	0.40		
Sanmar Speciality Chemicals Limited					-	0.34		
Chemplast Sanmar Limited						-		
<b>Purchases</b>								
Chemplast Sanmar Limited				758.03	-	-		
<b>Share of Income from partnership firm</b>								
Mowbrays Corporate Finance				0.11	-	-		
<b>Rent paid</b>								
SCL Property Holdings Limited			-	-	-	0.50		
<b>Investment made during the year</b>								
Mowbrays Corporate Finance				31552.77	-	-		
<b>Investment in Equity Share during the year</b>								
of SHL Securites (Alpha) Limited			265400.55					
<b>Issue of Zero coupon convertible debentures</b>								
Sanmar Engineering Services Limited		235630.50	235630.50					
<b>Issue of equity shares</b>								
to Sanmar Engineering Services Limited		29995.00	29995.00					
<b>Balances as at the year end</b>								
Investments				31552.77				
Sundry Receivables								
Trade Receivables	-	-	0.87	8.23	0.87	-	-	-
Trade Payables								
Deposit								

(Amount in INR)

As at	As at	As at
March 31, 2019	March 31, 2018	March 31, 2018
	restated	

**Note:38**

**Details of Investment**

**Partners' Name**

Chemplast Sanmar Limited	118022.95	-	-
Sanmar Speciality Chemicals Limited (Division of Chemplast Sanmar Limited - Pursuant to the scheme of Demerger (Refer Note 1.2)	1849.92	-	-
Chemplast Cuddalore Vinyls Limited (Pursuant to scheme of arrangement referred to in Note 1.2)	31552.77	-	-
Sanmar Engineering Services Limited	683.25	-	-

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

**Chemplast Cuddalore Vinyls Limited****Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note:39****Contingent liabilities and contingent assets:****Contingent liabilities \***

<i>Particulars</i>	As at March 31,2019	As at March 31,2018 Restated	As at March 31, 2018
A. Claims against the company not acknowledged as debts :			
- On account of Direct Taxes	-	-	-
- On account of Indirect Taxes	1327.31	1626.17	-
- On account of other disputes	-	-	-
Total	<u>1327.31</u>	<u>1626.17</u>	-

\*

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

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

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

**Note 40**

Capital commitments :

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

<b>297.90</b>	<b>321.61</b>	-
<u><b>297.90</b></u>	<u><b>321.61</b></u>	-

**Note 41**

Dues to micro and small enterprises

As at March 31, 2019, there is no interest paid or payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Act, 2006. This information and that disclosed in Note 32 have been determined to the extent such parties have been identified on the basis of information available with the Company.

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note:42**

**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, 2019 by LIC of India.

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

	Valuation at		
	March 31, 2019	March 31, 2018 Restated	March 31, 2018
	%	%	%
Discount rate(s)	7.50%	7.50%	-
Expected return on plan assets	8.00%	8.00%	-
Expected rate(s) of salary increase	7.50%	7.50%	-
Attrition rate	1% - 3%	1% - 3%	-

Cost of defined benefit plans are as follows.

	Year ended March 31, 2019	Year ended March 31, 2018 Restated	Year ended March 31, 2018
Current service cost	16.53	15.41	-
Interest on obligation	25.06	21.47	-
Expected return on plan assets <i>(to the extent it represents an adjustment to interest cost)</i>	(26.34)	(26.80)	-
<b>Net cost recognised in the Income Statement</b>	<b>15.25</b>	<b>10.08</b>	<b>-</b>
Expected return on plan assets <i>(to the extent it does not represent an adjustment to interest cost)</i>	(1.05)	1.17	-
Actuarial (gains)/losses recognized in the year	6.56	28.89	-
<b>Net (gain)/loss recognised in the Other Comprehensive Income</b>	<b>5.51</b>	<b>30.06</b>	<b>-</b>

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

	As at March 31, 2019	Year ended March 31, 2018 Restated	As at March 31, 2018
Present value of funded defined benefit obligation	382.23	334.09	-
Fair value of plan assets	361.47	334.09	-
<b>Net Liability / (Asset)</b>	<b>20.75</b>	<b>-</b>	<b>-</b>

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

	Year ended March 31, 2019	Year ended March 31, 2018 Restated	Year ended March 31, 2018
Opening fair value of plan assets	334.08	308.46	-
Expected return on plan assets	27.39	25.63	-
Actuarial (gains)/losses	-	-	-
Contributions from the employer	-	-	-
Benefits paid	-	-	-
<b>Closing fair value of plan assets</b>	<b>361.47</b>	<b>334.09</b>	<b>-</b>

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

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

	Year ended March 31, 2019	Year ended March 31, 2018 Restated	Year ended March 31, 2018
Opening defined benefit obligation	334.08	268.32	-
Current service cost	16.53	15.41	-
Interest cost	25.06	21.47	-
Actuarial (gains)/losses	6.56	28.89	-
Transfer of obligations	-	-	-
Benefits paid	-	-	-
Closing defined benefit obligation	<u>382.23</u>	<u>334.09</u>	-
Actuarial (gain)/loss on obligations attributable to change in financial assumptions			
Actuarial (gain)/loss on obligations attributable to change in demographic assumptions			
Actuarial (gain)/loss on obligations attributable to experience adjustments			
Projected Undiscounted Expected Benefit Outgo [Mid Year Cash Flows]			
Year 1	2.34	-	
Year 2	0.00	2.34	
Year 3	4.12	-	
Year 4	21.41	4.12	
Year 5	24.98	21.41	
Years 6 through 10	131.18	156.16	

**Notes:**

- I. The entire plan assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC)
- II. The expected / actual return on Plan assets is as furnished by LIC
- III. The estimate of future salary increase takes in to account inflation, likely increments, promotions and other relevant factors.

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation. The Company expects to make a contribution of Rs.2.35 Lakhs to the defined benefit plans during the next financial year.

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

Change in assumption	Impact on service cost	Impact on interest cost	Impact on defined benefit obligation
Increase in discount rate by 1 %	(2.34)	1.14	(28.07)
Decrease in discount rate by 1 %	2.83	(1.36)	32.59
Increase in salary escalation by 1 %	2.84	1.97	32.68
Decrease in salary escalation by 1 %	(2.39)	(1.73)	(28.67)

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**Note:43**  
**Standards issued but not effective:**

Certain new standards, interpretations and amendments to existing standards have been notified by the Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 that are not yet effective up to the date of issuance of the Company's financial statements. Those which are considered to be relevant to our operations are set out below:

1) Ind AS 116-Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company intends to adopt these standards from 1 April, 2019. While the Company is in the process of performing a detailed evaluation of the impact on adoption of Ind AS 116, it does not expect to have any significant impact upon such adoption.

2) Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and 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 Interpretation 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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company does not expect any significant impact of the amendments on its financial statements.

3) Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective for annual periods beginning on or after 1 April 2019. These amendments have no impact on the financial statements of the Company.

4) Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

5) Annual improvement to Ind AS (2018);

These improvements include:

(a) Amendments to Ind AS 12: Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its financial statements.

(b) Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. The Company does not expect any effect on its financial statements.

**Chemplast Cuddalore Vinyls Limited**

**Notes forming part of financial statements for the year ended March 31, 2019 - continued**

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

**Note: 44**

**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.

**Fair Value measurement of Property, Plant and equipment**

Fair value of property, plant and equipment was determined by using the market value method for Freehold land and Depreciable Replacement Cost method (DRC) for Buildings and Plant & Equipment. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation of 31 March 2019, the properties' fair values are based on valuations performed an accredited independent valuer who has relevant valuation experience in India. The Key assumptions used to determine the fair value of Property, Plant and equipment are provided in Note 10

**Impairment of non-financial assets**

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

**Taxes**

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

**Defined benefit plans**

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

Further details about defined benefit obligations are given in Note 45

**Note 45 Employees' benefits obligations**

**a. Defined contribution plan**

Employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the Regional Provident Fund equal to a specified percentage of the covered employees' salary. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no further obligations under the plan beyond its monthly contributions.

**b. Defined benefit plan**

**Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy. Fund is maintained with Life Insurance Corporation of India.

**Note: 46**

**Additional Information**

Pursuant to the scheme of arrangement in Note 1.2 the previous period comparatives have been restated to give effect to the scheme in accordance with Ind AS 103. The Figures for such prior periods as reported earlier have also been provided as additional information in the Financial Statements

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number : 101049W/E300004

-Sd-

per Aravind K

Partner

Membership No: 221268

Place: Chennai

Date: August 28, 2019

-Sd-

P S Jayaraman

Director

DIN : 00011108

-Sd-

Lavanya Venkatesh

Director

DIN: 07191585

-Sd-

M Raman

Company Secretary

-Sd-

S Krishnan

Chief Financial Officer



## OTHER FINANCIAL INFORMATION

### Non-GAAP Measures

Certain non-GAAP measures like Net Worth, Return on Net Worth, Net Asset Value per equity share, EBITDA, EBITDA Margin, Operating Profit, Net Tangible Assets, Monetary Assets, Monetary Assets as a % of Net Tangible Assets, Total Borrowings, and total non – current borrowings / total equity (“**Non-GAAP Measures**”) presented in this Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company’s operating performance. See “*Risk Factors - We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under Ind AS.*” on page 53.

- The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below

Particulars	Year Ended	Year Ended	Year Ended
	March 31, 2021	March 31, 2020	March 31, 2019
Basic Earnings per share (in ₹)	30.60	2.04	4.53
Diluted Earnings per share (in ₹)	30.60	2.04	4.53
Return on net worth	NA*	5.45%	8.39%
Net asset value per equity share (in ₹)	(139.15)	63.10	105.27
EBITDA (₹ in million)	11,272.20	2,545.20	2,980.50
EBITDA Margin	29.55%	20.11%	23.53%

\* Not Applicable since networth is negative

#### Notes:

- Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended). Pursuant to our board resolution dated January 30, 2021, and shareholders’ resolution dated March 24, 2021, equity shares of face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each. Consequently, the issued and subscribed share capital of our Company comprising 67,040,000 equity shares of face value of ₹ 10 each was sub-divided into 134,080,000 equity shares of face value of ₹ 5 each. Sub-division of equity shares are retrospectively considered for the computation of EPS in accordance with Ind AS 33 for all periods presented.
- Return on Net Worth Ratio: Profit after tax for the year of the Company divided by Net Worth of the Company at the end of the year.
- Net Asset Value is the Net Worth of the Company.
- Net asset value per equity share is calculated by dividing Net Worth by the number of Equity Shares outstanding as at the end of the period/year
- EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation expenses, finance costs and exceptional items
- EBITDA Margin is the percentage of EBITDA divided by total income.
- "Net Worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Consolidated Summary Statements, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- Net worth, return on net worth, net asset value per equity share, EBITDA, EBITDA Margin, Operating Profit, net tangible assets, Monetary assets, monetary assets as a % of net tangible assets (together, “Non-GAAP Measures”), presented in this Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or

construed as an alternative to cash flows, profit for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, net worth, return on net worth, net asset value per Equity Share and EBITDA are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating performance. For details, please see "Risk Factors - We have presented certain supplemental information of our performance and liquidity which is not prepared under or required under Ind AS" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Results of Operations—Non-GAAP Measures" on pages 53 and 393, respectively.

- The audited standalone financial statements of our Company as at and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, ("**Standalone Financial Statements**") are available at <http://chemplastsanmar.com/csifinancials.php>. The audited standalone financial statements of CCVL as at and for the years ended March 31, 2020, March 31, 2019, and March 31, 2018 are available at <http://chemplastsanmar.com/ccvlfinancials.php>. Our Company is providing links to these websites solely to comply with the requirements specified in the SEBI ICDR Regulations. The Standalone Financial Statements, and the reports thereon do not constitute, (i) a part of the Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

### 3. Reconciliation of non – GAAP measures

Reconciliation for the following non – GAAP measures included in this Prospectus, are given below:

#### 1. Reconciliation of net worth (₹ in million)

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
(i) Equity Share Capital	670.40	670.40	670.40
(ii) Instruments entirely equity in nature	343.20	-	6,375.00
(iii) Other equity(excluding Revaluation Reserve)			
General reserve	239.32	207.57	207.57
Retained earnings	9,500.05	3,694.62	4,293.23
Capital Reserve	(32,307.19)	796.90	796.90
Capital Redemption Reserve	392.51	391.80	391.80
Debenture Redemption Reserve	1,238.25	1,270.00	-
Securities premium	1,266.71	1,266.71	1,266.71
Share of Associate and Joint Venture	-	162.25	113.65
<b>(iv) Net Worth (iv=i+ii+iii)</b>	<b>(18,656.75)</b>	<b>8,460.25</b>	<b>14,115.26</b>

"Net Worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Restated Consolidated Summary Statements, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

2. Reconciliation of return on net worth:

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
(i) Net worth (₹ in million)	(18,656.75 )	8,460.25	14,115.26
(ii) Profit after tax (₹ in million)	4,102.44	461.25	1,184.64
<b>(iii) Return on Net Worth (iii=ii/i)</b>	<b>NA*</b>	<b>5.45%</b>	<b>8.39%</b>

Return on Net Worth Ratio: Profit after tax for the year of the Company divided by Net Worth of the Company at the end of the year.

\* NA since networth is negative

3. Reconciliation of net asset value per Equity Share

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
(i) Net worth (₹ in million)	(18,656.75)	8,460.25	14,115.26
(ii) Number of equity shares outstanding	134,080,000	134,080,000	134,080,000
<b>(iii) Net Asset value per equity share (iii=i/ii) (₹)</b>	<b>(139.15)</b>	<b>63.10</b>	<b>105.27</b>

Net asset value per equity share is calculated by dividing Net Worth by the number of Equity Shares outstanding as at the end of the period/year.

4. Reconciliation of our profit/(loss) for the year to our EBITDA

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Restated profit after tax (A) (₹ in million)	4,102.44	461.25	1,184.64
Tax expense (B) (₹ in million)	1,369.47	255.77	749.35
Exceptional Items (C) (₹ in million)	156.84	-	-
Finance cost (D) (₹ in million)	4,333.62	954.57	482.75
Depreciation expense (E) (₹ in million)	1,309.83	873.61	563.76
<b>EBITDA (A+B+C+D+E) (₹ in million) (F)</b>	<b>11,272.20</b>	<b>2,545.20</b>	<b>2,980.50</b>

EBITDA is calculated as restated profit for the year plus total tax expenses, depreciation expenses, finance costs and exceptional items

5. Reconciliation of EBITDA Margin

Particulars	As at	As at	As at
	March 31, 2021	March 31, 2020	March 31, 2019
Restated profit after tax (A) (₹ in million)	4,102.44	461.25	1,184.64
Tax expense (B) (₹ in million)	1,369.47	255.77	749.35
Exceptional Items (C) (₹ in million)	156.84	-	-
Finance cost (D) (₹ in million)	4,333.62	954.57	482.75
Depreciation expense (E) (₹ in million)	1,309.83	873.61	563.76
<b>EBITDA (A+B+C+D+E) (₹ in million) (F)</b>	<b>11,272.20</b>	<b>2,545.20</b>	<b>2,980.50</b>
<b>Total income (₹ in million) (G)</b>	<b>38,151.08</b>	<b>12,655.10</b>	<b>12,667.74</b>
<b>EBITDA Margin (H = F/G) x 100</b>	<b>29.55%</b>	<b>20.11%</b>	<b>23.53%</b>

EBITDA Margin is the percentage of EBITDA divided by total income.

6. *Reconciliation of CCVL's profit/(loss) for the year to CCVL's EBITDA (computed on a standalone basis)*

<b>Particulars</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Profit after tax (A) (₹ in million)	2,666.48	-976.54	943.73
Tax expense (B) (₹ in million)	911.89	-695.57	265.96
Exceptional Items (C) (₹ in million)	-	1,068.95	-
Finance cost (D) (₹ in million)	1,796.93	1,164.61	638.24
Depreciation expense (E) (₹ in million)	433.71	416.49	244.21
<b>EBITDA (A+B+C+D+E) (₹ in million) (F)</b>	<b>5,809.01</b>	<b>977.94</b>	<b>2,092.14</b>

## **RELATED PARTY TRANSACTIONS**

For further details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 '*Related Party Transactions*' read with SEBI ICDR Regulations for the years ended March 31, 2021, March 31, 2020, and March 31, 2019 as reported in the Restated Consolidated Summary Statements, see "*Restated Consolidated Summary Statements – Note 48: Related party transactions*" on page 254.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion in conjunction with our Company's Restated Consolidated Summary Statements as of and for the Financial Years ended March 31, 2021, 2020 and 2019, including the related annexures. The financial information of our Company, on a consolidated basis, includes financial information of our Company, its Associate and Joint Venture. Our Company manufactured suspension PVC resin until Financial Year 2018. The undertaking engaged in suspension PVC resin business was demerged from our Company to Chemplast Cuddalore Vinyls Limited ("CCVL"), on a going concern basis, with effect from April 1, 2018, pursuant to a scheme of arrangement ("Composite Scheme of Arrangement"). CCVL became our wholly owned subsidiary on March 31, 2021 pursuant to the acquisition of CCVL by our Company ("CCVL Acquisition"), and as a result, our consolidated financial statements for the Financial Year 2021 include the effect of the results of operations and financial condition of CCVL from April 1, 2020 considering the requirements of applicable account standard and read with the requirements of the SEBI ICDR Regulations. Our financial information and financial statements as at and for the financial year ended March 31, 2021 is not comparable with the financial information and financial statements as at and for financial years ended March 31, 2020 and 2019 on account of CCVL Acquisition. For more information, see "Results of Operations of CCVL" on page 428.*

*Our Financial Year ends on March 31 of each year. Accordingly, all references to a particular Financial Year are to the 12-month period ended March 31 of that year.*

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 24 and 32, respectively.*

### Overview

CSL is a leading specialty chemicals manufacturer in India with focus on specialty 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 specialty paste PVC resin in India, on the basis of installed production capacity as of December 31, 2020. In addition, CSL is also the third largest manufacturer of caustic soda and the largest manufacturer of hydrogen peroxide, each in the South India region, on the basis of installed production capacity as of December 31, 2020 and one of the oldest manufacturers in the chloromethanes market in India. (Source: CRISIL Report) Pursuant to the CCVL Acquisition, we acquired 100% equity interest in CCVL that is the second largest manufacturer of suspension PVC resin in India and the largest manufacturer in South India, on the basis of installed production capacity as of December 31, 2020. (Source: CRISIL Report)

According to the CRISIL Report, high barriers to entry and limited competition is expected to benefit existing manufacturers of specialty paste PVC resin in India in the medium term and the demand for specialty paste PVC resin is expected to grow at a CAGR of 6% to 8% between Financial Years 2022 and 2025. The demand for custom manufacturing catered by Indian manufacturers is likely to grow at a CAGR of approximately 12% between Financial Years 2020 and 2025, due to the higher penetration of pharmaceutical molecule, compound and active pharmaceutical ingredient manufacturing in India and India becoming a key supplier of non-commercially available molecules or monomers or polymers. Further, custom manufacturing for agrochemical sectors is also likely to witness a boost with discovery chemistry pertaining to agricultural sector gaining more traction. Demand for caustic soda is also expected to grow at a CAGR of 4% to 5% between Financial Years 2020 and 2025, led by increasing demand from the alumina and chemical industries. Further, the demand in the Indian market for chloromethanes and hydrogen peroxide is expected to grow at a CAGR of 8% to 9% and 6% to 7% between Financial Years 2020 and 2025, respectively. In addition, domestic demand for suspension PVC resin is expected to grow at a CAGR of 7.5% to 8.5% between Financial Years 2021 and 2025 (Source: CRISIL Report). We believe that we are well-positioned to benefit from the industry growth given the chemicals industry is knowledge intensive, involves complex chemistries, is subject to high quality standards and stringent impurity specifications for processes and product capabilities, and is based on complex products that are difficult to replicate.

We have four manufacturing facilities, of which three are located in Tamil Nadu at Mettur ("Mettur Facility"), Berigai ("Berigai Facility") and Cuddalore ("Cuddalore Facility"), and one is located in Puducherry at Karaikal ("Karaikal Facility"). We believe that our integrated business model for production of specialty paste PVC resin and chloromethanes has been critical to our success.

The following table sets forth the installed production capacity as of March 31, 2021 and capacity utilization at each of our manufacturing facilities (other than Berigai Facility) for the Financial Years 2021, 2020 and 2019:

Manufacturing facility	Installed production capacity (in kt per annum)	Capacity utilization (%)		
		For Financial Year 2021	For Financial Year 2020	For Financial Year 2019
<b>Mettur Facility</b>				
Specialty paste PVC resin	66	91%	100%	96%
Caustic soda	67	64%	82%	102%
Chloromethanes	35	91%	99%	100%
Hydrogen peroxide	34*	42%	21%	_*
Refrigerant gas	1.70	30%	75%	39%
<b>Karaikal Facility</b>				
Caustic soda	52	36%	57%	65%
<b>Cuddalore Facility</b>				
Suspension PVC resin	300	88%	91%	95%

\* The hydrogen peroxide capacity is calculated at 50% concentration level in line with industry standards.

\*\* The hydrogen peroxide plant was commissioned in Financial Year 2020.

We custom manufacture multiple products at our Berigai Facility and the following table sets forth the installed production capacity and operating production capacity and capacity utilization at our Berigai Facility for the Financial Years 2021, 2020 and 2019:

Capacity*	Financial Year 2021		Financial Year 2020		Financial Year 2019	
	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)	Capacity (in MTPA)	Capacity Utilization (%)
Installed production capacity	1068	62%	1032	64%	900	51%
Operating production capacity**	934	71%	904	74%	785	59%

\* The information relating to the installed capacity of the Berigai Facility as of the dates included above are based on various assumptions and estimates that have been taken into account for calculation of the installed capacity. These assumptions and estimates include the standard capacity calculation practice of specialty chemicals industry after examining the calculations and explanations provided by our Company and the reactor capacities and other ancillary equipment installed at the Berigai Facility. The assumptions and estimates taken into account include the number of working days in a year as 365 days.

\*\* Operating capacity is given considering the fact that this is a multipurpose facility which produces basket of products. Operating capacity is arrived at after considering shutdown/change over between various products.

We have a coal-based captive power plant of 48.5 MW at our Mettur Facility and two natural gas-based captive power plants of 8.5 MW and 3.5 MW respectively, at our Karaikal Facility. We have also leased a salt field from the Government of Tamil Nadu at Vedaranyam, Tamil Nadu. We have approval from the TNPCB to extract up to 400 kt of salt per annum. The lease has expired and we are in the process of renewing the lease deed. For further details, see “Risk Factors – We do not own premises for our registered office. Further, we operate our manufacturing facility on parcels that are held by us on a leasehold as well as a free hold basis. In addition, our lease for the Vedaranyam Salt Field has expired” on page 34.

We have a strong focus on sustainability in all aspects of our operations. Our manufacturing facilities are certified ISO 9001:2015 for quality management systems and ISO 45001:2018 for occupational health and safety management systems, to the extent required. In addition, we have received the Indian Chemical Council certification ‘Responsible Care’ for maintaining best practices in our operations. The Cuddalore Facility was awarded a 5 star grading in an Occupational Health and Safety Audit from the British Safety Council for Financial Year 2020. We have established desalination units at our Karaikal and Cuddalore Facilities, and also adopted “zero” liquid discharge at all of our manufacturing facilities, at which no treated liquid effluent from our manufacturing operations at our manufacturing facilities is discharged onto the land or into any water body. We have also voluntarily conducted yearly sustainability audits for each of our manufacturing facilities since Financial Year 2011.

We are a part of the SHL Chemicals Group, which in turn is a constituent of the Sanmar Group, one among the oldest and most prominent corporate groups in the South India region. Fairfax India Holdings Corporation

(“Fairfax”), a well-known international investor led by Mr. Prem Watsa, based in Canada, has invested, through FIH Mauritius Investments Limited, in the SHL Chemicals Group since 2016.

Our Company has a strong management team with extensive experience in the chemicals industry and a track record of operational excellence. Our Board of Directors includes a combination of management executives and independent directors who bring in significant business expertise. We believe that the combination of our experienced Board of Directors and our dynamic management team positions us well to capitalize on future growth opportunities.

We have an established track record of delivering robust financial performance. CSL’s total income, on a consolidated basis, for the Financial Years 2021, 2020 and 2019 was ₹ 38,151.08 million, ₹ 12,655.10 million and ₹ 12,667.74 million, respectively. CSL’s EBITDA, on a consolidated basis, for the Financial Years 2021, 2020 and 2019 was ₹ 11,272.20 million, ₹ 2,545.20 million and ₹ 2,980.50 million, respectively. CSL’s profit before tax, on a consolidated basis, for the Financial Years 2021, 2020 and 2019 was ₹ 5,471.91 million, ₹ 717.02 million and ₹ 1,933.99 million, respectively.

The total income of CCVL for the Financial Years 2020 and 2019 was ₹ 18,903.38 million and ₹ 20,599.54 million, respectively. The EBITDA of CCVL for the Financial Years 2020 and 2019 was ₹ 977.94 million and ₹ 2,092.14 million, respectively. The profit / (loss) before tax of CCVL for the Financial Years 2020 and 2019 was ₹ (1,672.11) million and ₹ 1,209.68 million, respectively.

### **Significant Factors Affecting Our Results of Operations**

Our results of operations and financial condition are affected by a number of important factors including:

#### ***Manufacturing capacity and volume and mix of products manufactured***

Our Company, currently operates in the specialty chemicals segment. However, our Company was also engaged in the commodity chemicals segment until Financial Year 2018. The specialty chemicals segments consists of:

- Specialty chemicals – (i) specialty paste PVC resin; and (ii) products manufactured as part of our custom manufacturing operations; and
- Other chemicals – (i) caustic soda; (ii) chloromethanes; (iii) refrigerant gases; and (iv) hydrogen peroxide.

The commodity chemicals segment consists of suspension PVC resin, and it was demerged from our Company to CCVL on a going concern basis, with effect from April 1, 2018, pursuant to the Composite Scheme of Arrangement.

We seek to maintain optimum levels of capacity utilization and an appropriate standard of quality at our manufacturing facilities in order to sustain the growth of our operations. Attaining and maintaining this level of utilization and quality requires considerable expense and planning.

In case of specialty chemicals, actual volumes of specialty paste PVC resin sold may vary from period to period since we typically do not enter into long term contracts for the same. In case of custom manufacturing operations (which are classified as part of specialty chemicals), our customer orders are fixed on a purchase order basis. Our actual production volumes in this instance may differ from our estimates due to variations in customer demand for custom manufactured products. Further, since the number of purchase orders that our customers place with us may differ from quarter to quarter, our revenues, results of operations and cash flows have fluctuated in the past and this may continue in the future. In case of other products, we typically sell by way of short term contracts or on spot basis. If we are unable to achieve and maintain optimum levels of capacity utilization at our manufacturing facilities, our financial condition and results of operations may be adversely affected.

The key driver in the growth of our revenue from operations has been the volume of products manufactured and sold by us. Increased sales volume favorably affects our results of operations as it enables us to benefit from economies of scale in procurement and manufacturing and improves our operating margins through our ability to leverage our relatively fixed cost base. For details of the volume of products that we manufactured and our capacity utilization during the Financial Years 2021, 2020 and 2019, see “Our Business” on page 136.



Our results of operations are also affected by our product mix. In general, a higher percentage of specialty chemicals sales will have a positive impact on our revenues as such products tend to have higher prices and profit margins than other products. During the Financial Years 2021, 2020 and 2019 we derived approximately 71%, 59% and 51% of our revenue from operations, respectively, from the sale of specialty chemicals comprising of specialty paste PVC resin and products manufactured as a part of our custom manufacturing operations, while the remainder of our revenues was derived from sale of other chemicals. Our results of operations also includes the sale of suspension PVC resin, a commodity chemical, by CCVL with effect from March 31, 2021. As a result, the contribution of specialty chemicals towards our revenue from operations may differ in the future.

### ***Impact of COVID-19 pandemic***

On account of the COVID-19 pandemic, India had imposed a nationwide lockdown on March 24, 2020. Our production during the first quarter of Financial Year 2021 was affected due to the lockdown and all our manufacturing facilities were shut down in April 2020 (other than our Berigai Facility for custom manufacturing operations). We resumed production of specialty paste PVC resin by May 2020, and the demand for specialty paste PVC resin recovered from August 2020 onwards with excellent margins. Due to the COVID-19 pandemic, the demand for vinyl gloves increased significantly which improved the demand for specialty paste PVC resin. Our chloromethanes business has also recovered as chloromethanes are largely used by pharmaceuticals and agro-chemical sectors. Majority of the end-user industries resumed full production and demand improved during the second quarter of Financial Year 2021. Our Berigai Facility (for custom manufacturing) continued to operate even during the lockdown and was not impacted by the COVID-19 pandemic as our custom manufacturing business caters to the pharmaceutical and agro-chemical sectors that are considered essential services. Caustic soda and hydrogen peroxide are largely used in the textile and paper sectors, where demand continued to be weak and improvement in these sectors was slow. Demand from the stationery sector continues to be affected due to the closure of schools and colleges. However, due to the partial re-opening of schools and colleges, the demand for caustic soda and hydrogen peroxide is expected to improve. Alumina, a key end-user industry of caustic soda, also had a slow recovery.

The pandemic outbreak has caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility. The steps taken to counter the effects of the pandemic have resulted in a period of economic downturn and business disruption in India and globally. The demand for our products is dependent on and directly affected by factors affecting industries where our products are applied. Our customers are typically engaged in various industries, including agrochemicals, personal care, pharmaceuticals, specialty pigments and dyes, and polymer additives. Companies have faced disruptions in manufacturing and their supply chains. The disruptions in supply chain and logistics led to decreased inventory levels which in turn affected the supply of products to end consumers.

In view of the fluidity of the situation and lack of visibility on the timeline for containment of the global pandemic, the recovery trajectory remains uncertain. We continue to closely monitor the impact that COVID-19 may have on our business and results of operations. It is difficult for us to predict the impact that COVID-19 will have on us, our customers or suppliers in the future. We continue to closely monitor the effect that COVID-19 may have on our business and results of operations. To the extent, the COVID-19 pandemic adversely affects us, it may also significantly increase the effect of the aforementioned factors affecting our results of operations.

Our Company has made a detailed assessment of its liquidity position and of the recoverability of the Company's assets based on internal and external information. Based on the performance of sensitivity analysis on the assumptions used and considering the current indicators of future economic conditions relevant to our Company's operations (wherever applicable), our management expects to recover the carrying value of these assets. However, the impact of COVID-19 pandemic may differ from those estimated.

Our Statutory Auditors have included an emphasis of matter in their examination report on our Restated Consolidated Summary Statements for the Financial Years 2021 and 2020, describing the uncertainties and impact of COVID-19 pandemic, and its consequential impact on our Company's operations and carrying value of its assets.

### ***Competition***

The Indian chemicals industry is fragmented in nature. Competition in our business is based on pricing, relationships with customers, product quality, customization and innovation. We face pricing pressures from multinational companies that are able to produce chemicals at competitive costs and consequently, supply their

products at cheaper prices. Certain of our competitors in the specialty chemicals segment may have greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies and product portfolios, which may allow our competitors to better respond to market trends. Accordingly, we may not be able to compete effectively with our competitors, which may have an adverse impact on our business, financial condition, results of operations and future prospects.

### ***Government Regulations and Policies***

Government regulations and policies of India as well as the countries from which where we import our raw materials can affect the availability of raw materials that are critical to our operations. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. These regulations and policies and the tax regimes to which we are subject could change at any time, with little or no warning or time for us to prepare. Any changes in government policies relating to the chemicals sector or adverse changes in commodity prices could adversely affect our business and results of operations. Further, all our manufacturing facilities are located in the South India region and any significant changes in the policies of the state or local government or the Government of India, could require us to incur significant capital expenditure and change our business strategy.

### ***Availability of Cost Effective Funding***

Our ability to grow and execute our expansion plans depends largely on cost effective avenues of funding and will be primarily met through funding by increased borrowing from external sources and the incurrence of new debt. Our debt service costs as well as our overall cost of funding depend on many external factors, including developments in the Indian credit market and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. With the growth of our operations, we have had to increasingly access commercial borrowings. We believe that going forward the availability of sources of cost effective funding will be crucial and the non-availability of such funding at favorable terms could affect our business, financial condition and results of operations.

### **Summary of Significant Accounting Policies**

#### ***Basis of consolidation***

Control is evidenced when the Company, its Joint Venture and its Associates are 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 Company, its Joint Venture and its Associates have less than a majority of the voting or similar rights of an investee, the Company, its Joint Venture and its Associates considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company, its Joint Venture and its Associates' voting rights and potential voting rights
- The size of the Company, its Joint Venture and its Associates' holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Company, its Joint Venture and its Associates re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company, its Joint Venture and its Associates obtains control over the subsidiary and ceases when the Company, its Joint Venture and its Associates loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company, its Joint Venture and its Associates gains control until the date the Company, its Joint Venture and its Associates ceases to control the subsidiary.

Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company, its Joint Venture and its Associates uses accounting policies other than those adopted in the Historical Audited Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company, its Joint

Venture and its Associates' financial statements in preparing the restated consolidated Ind AS financial statements to ensure conformity with the Company's accounting policies., except in case of associates or Joint Ventures, considering practicality

The Financial Statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company.

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. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full inter-entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Company, its Joint Venture and its Associates (profits or losses resulting from intra-entity transactions that are recognised in assets, such as Property, Plant and Equipment (PPE), are eliminated in full). Inter-entity 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 inter-entity transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the Company 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 Company's accounting policies. All inter-entity assets, liabilities, equity, income, expenses and cash flows relating to transactions between Company, its Joint Venture and its Associates 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 profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

If the Company, its Joint Venture and its Associates 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 Company, its Joint Venture and its Associates had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

#### *Investments in Associate and Joint Venture*

An associate is an entity over which the Company has significant influence. Significant influence is the power to

participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Company's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company, its Joint Venture and its Associates, unless in case of an associate, it is impracticable to do so.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### ***Business combination under common control***

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

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

preceding period in case the common control is established prior to such date. However, if business combination had occurred after such date, the acquisition date is considered only from that date.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred.

### ***Foreign currency transactions***

Foreign currency transactions are recorded at the rate of exchange prevailing as on the date of the respective transactions. Monetary assets and liabilities denominated in foreign currency are converted at year / period-end rates. Exchange differences arising on settlement / conversion are adjusted in the Restated Consolidated Summary Statement of Profit and Loss.

### ***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;
- in the absence of a principal market, in the most advantageous market for the asset or liability; or
- in 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, including:

- disclosures for valuation methods, significant estimates and assumptions;
- quantitative disclosures of fair value measurement hierarchy; and
- investment in unquoted equity shares.

### ***Financial Instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### *Initial recognition and measurement*

Financial assets and financial liabilities are initially measured at fair value. The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### ***Financial Assets***

#### *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.

#### *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);

#### *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.

#### *Financial assets at FVTPL*

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

All equity investments in scope of Ind AS 109 are measured at fair value Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103

applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

#### *Impairment of financial assets*

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance:

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risks. 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 the credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if the credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original EIR. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

#### *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.

### ***Financial liabilities and equity instruments***

#### *Classification as debt or equity*

Debt and equity instruments issued by an 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.

#### *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.

#### *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".

### ***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.

### 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. The Company has regarded all 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.

### 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.

### 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.

### ***Offsetting of financial instruments***

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

### ***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.

### ***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.

### ***Property, plant and equipment***

#### *Recognition and measurement*

#### *Property, Plant and Equipment are initially recognised at cost*

Property, plant and equipment were valued at cost model net of accumulated depreciation until March 31, 2019. Cost includes purchase price, including duties and non-refundable taxes, costs that are directly relatable in bringing the assets to the present condition and location. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

On March 31, 2019, the Company had elected to change the method of accounting for land, buildings and plant and equipment classified as property, plant and equipment, as the Company believes that the revaluation model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the land, buildings and plant and equipment's fair value. The Company applied the revaluation model prospectively. After initial recognition, these assets are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After recognition land is measured at revaluation model. Buildings and plant and equipment are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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

The gross carrying amount was restated with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The accumulated depreciation at the date of the revaluation was eliminated against the gross carrying value of the assets and the net amount restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Apart from the above, the Company follows the cost model for motor cars, office equipments, furniture and 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.

<b>Particulars</b>	<b>Useful life</b>		
	<b>March 31, 2021</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Buildings	20-60 years	20-60 years	30 years
Plant and equipment	1-65 years	1- 65 years	1 year - 25 years
Vehicles	3 years - 6 years	3 years - 6 years	3 years - 6 years

Computers and peripherals and motor cars	3 years	3 years	3 years
Office equipments	3 years - 5 years	3 years - 5 years	3 years - 5 years
Furniture and fixtures	5 years	5 years	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.

### ***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.

### ***Retirement and Employees benefits***

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

Post-Retirement benefits comprise of employees' provident fund and gratuity which are accounted for as stated below.

#### ***Provident Fund / Employee State Insurance***

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

#### ***Gratuity***

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

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

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

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

Termination benefits 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.

## ***Revenue recognition***

### *Revenue from contracts with customers:*

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Company has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

However, Sales Tax / value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

### *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

## ***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.

### *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 rebates.

### *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.

#### *Service Income*

Income from services rendered is recognised at a point in time based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

#### *Share of income from partnership firm*

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

#### *Interest income*

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

#### *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.

##### *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, such as seven years for plant and machinery.

##### *Lease liabilities*

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

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

##### *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.

## *Taxes*

### *Income Tax*

Provision for current tax is made based on the liability computed in accordance with the relevant tax rates and tax laws. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the respective reporting dates.

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

### *Deferred tax*

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

Deferred tax liabilities are 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 offset 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.

#### *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.

#### *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.

#### *Government grants*

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

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

### ***Intangible assets***

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

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

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

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

### ***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.

### ***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.

### ***Earnings per share***

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

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

### ***Segment Reporting***

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

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

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

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

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

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

The Group's operations until March 31, 2020 predominantly related to manufacture and sales of Speciality Chemicals. Pursuant to the acquisition of subsidiary company, the Board of Directors of the Group whom have been identified as the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicators of the Company into manufacture and sale of speciality chemicals and commodity chemicals as per the requirement of Ind-AS 108 "Operating Segments". The Group's operations are predominantly conducted in India and accordingly, there are no separate reportable geographic segment.

### **Income and Expenses**

Our income and expenditure is reported in the following manner:

#### ***Income***

Our total income comprises revenue from operations and other income.

#### ***Revenue from operations***

Our revenue from operations comprises of the following: (i) specialty chemicals; (ii) commodity chemicals; (iii) other chemicals; (iv) sale of power; and (v) miscellaneous products such as hydrochloric acid, bleach liquor and sodium hypo.

*Specialty chemicals.* Revenue from specialty chemicals consists of revenue from sale of specialty paste PVC resin and revenue derived from custom manufacturing of starting materials and intermediates.

*Commodity chemicals.* Revenue from commodity chemicals consists of sale of suspension PVC resin until Financial Year 2018. The commodity chemicals segment was demerged from our Company to CCVL with effect from April 1, 2018.

*Other chemicals.* Revenue from other chemicals primarily consists of sale of caustic soda, chloromethanes, hydrogen peroxide and refrigerant gas.

*Power.* Revenue from sale of power consist of excess power that is not captively consumed and sold to third parties.

*Miscellaneous products.* Revenue from miscellaneous products, mainly consists of sale of by products, such as hydrochloric acid (HCL), bleach liquor, sodium hypo as well as revenue from sale of scrap materials.

#### *Other Income*

Our other income primarily comprises of the following: (i) interest income on fixed deposits with banks and electricity deposits; (ii) share of income from partnership firm, Mowbrays Corporate Finance where we were a partner until December 15, 2020; (iii) profit on the sale of property, plant and equipment; (iv) recovery of bad debts; (v) liabilities no longer required to be written back; (vi) custom duty refund on account of favourable order received; and (vii) other miscellaneous income.

#### *Expenses*

Our expenses comprises of the following: (i) cost of materials consumed; (ii) employee benefits expenses; (iii) other expenses; (iv) depreciation expense; and (v) finance costs.

*Cost of materials consumed.* Cost of materials consumed consists of raw material and intermediaries, required for the manufacturing of finished goods.

*Changes in inventories of finished goods, traded goods and work-in-progress:* Changes in inventories of finished goods, traded goods and work-in-progress comprises of net increase or decrease in inventory levels of finished goods and work-in-progress.

*Excise duty:* Excise duty refers to the taxes levied on the manufacture of goods within India.

*Employee benefits expenses.* Employee benefits expenses primarily includes salaries and wages, contribution to provident and other funds, provisions for gratuity, bonus and compensated absences and staff welfare expenses.

*Other expenses.* Other expenses primarily comprises of: (i) power and fuel costs; (ii) stores consumed; (iii) operating and maintenance expenses; (iv) repairs and maintenance expenses; (v) insurance charges; (vi) commission of sales; (vii) rent; (viii) rates and taxes; (ix) freight and handling expenses; (x) difference in foreign exchange (net); and (xi) outside processing expenses.

*Depreciation expenses.* Tangible assets are depreciated and intangible assets are amortized over periods corresponding to their useful lives.

*Finance costs.* Our finance costs comprise mainly interest expense on borrowings from banks and other financial institutions, as well as, other finance costs such as letter of credit charges, loan processing fee and bank charges.

#### *Tax expense*

Our tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable

income for the year as determined in accordance with the applicable tax rates and provisions of the applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

### *Items of other comprehensive income*

Items of other comprehensive income comprise (i) re-measurements of defined gratuity benefit; (ii) revaluation of property, plant and equipment; (iii) profit on sale/redemption of investments of Joint Venture; (iv) share of OCI from Joint Venture; (v) share of OCI from Joint Venture and Associate; and (vi) deferred tax impact on items (i) to (v) specified above.

### **Our Results of Operations**

The following table sets forth select financial data from our restated consolidated statement of profit and loss for the Financial Years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such years:

	Financial Year					
	2021		2020		2019	
	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)
<b>Revenue</b>						
Revenue from operations	37,987.26	99.57%	12,576.57	99.38%	12,543.39	99.02%
Other income	163.82	0.43%	78.53	0.62%	124.35	0.98%
<b>Total Income</b>	<b>38,151.08</b>	<b>100.00%</b>	<b>12,655.10</b>	<b>100.00%</b>	<b>12,667.74</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of material consumed	20,657.61	54.15%	4,365.24	34.49%	4,081.53	32.22%
Purchase of traded goods	310.78	0.81%	-	0.00%	-	0.00%
Changes in inventories of finished goods, traded goods and work-in-progress	262.83	0.69%	(151.48)	-1.20%	(80.07)	-0.63%
Employees' benefits expense	1,135.83	2.98%	828.06	6.54%	777.96	6.14%
Other expenses	6,005.59	15.74%	4,411.54	34.86%	4,553.60	35.95%
Depreciation expense	1,309.83	3.43%	873.61	6.90%	563.76	4.45%
Finance costs	4,333.62	11.36%	954.57	7.54%	482.75	3.81%
<b>Total Expenses</b>	<b>34,016.09</b>	<b>89.16%</b>	<b>11,281.54</b>	<b>89.15%</b>	<b>10,379.53</b>	<b>81.94%</b>
<b>Restated Profit before tax, exceptional items and share of Restated Profit/(Loss) from Joint Venture and associate</b>	<b>4,134.99</b>	<b>10.84%</b>	<b>1,373.56</b>	<b>10.85%</b>	<b>2,288.21</b>	<b>18.06%</b>
Share of Restated Profit/(Loss) from joint venture and associate	(3,315.91)	-8.69%	(656.54)	-5.19%	(354.22)	-2.80%
Profit on sale/redemption of investments in joint venture and associate	4,809.67	12.61%	-	0.00%	-	0.00%
<b>Restated profit before tax and exceptional items</b>	<b>5,628.75</b>	<b>14.75%</b>	<b>717.02</b>	<b>5.67%</b>	<b>1,933.99</b>	<b>15.27%</b>
Exceptional items	(156.84)	-0.41%	-	0.00%	-	0.00%
<b>Restated profit before tax</b>	<b>5,471.91</b>	<b>14.34%</b>	<b>717.02</b>	<b>5.67%</b>	<b>1,933.99</b>	<b>15.27%</b>
<b>Tax expense:</b>						
Current tax	(811.70)	-2.13%	(298.81)	-2.36%	(521.99)	-4.12%
Income tax relating to earlier years	35.14	0.09%	(1.12)	-0.01%	2.83	0.02%
Deferred tax	(592.91)	-1.55%	44.16	0.35%	(230.19)	-1.82%
<b>Restated profit after tax</b>	<b>4,102.44</b>	<b>10.75%</b>	<b>461.25</b>	<b>3.64%</b>	<b>1,184.64</b>	<b>9.35%</b>
<b>Restated Total Other Comprehensive Income</b>	<b>(222.29)</b>	<b>-0.58%</b>	<b>41.08</b>	<b>0.32%</b>	<b>10,917.63</b>	<b>86.18%</b>
<b>Restated Total Comprehensive Income</b>	<b>3,880.15</b>	<b>10.17%</b>	<b>502.33</b>	<b>3.97%</b>	<b>12,102.27</b>	<b>95.54%</b>

### *Financial Year 2021 compared to Financial Year 2020*

Our results of operations for the Financial Year 2021 were particularly affected by the following factors:

- during the Financial Year 2021, our Company acquired the entire share capital of CCVL from Sanmar Engineering Services Limited for ₹ 3,003.45 million. Consequently, CCVL became a subsidiary of our Company, and CCVL's results of operations for the Financial Year 2021 have been consolidated with CSL's results of operations for the Financial Year 2021. As a result, CSL's results of operations for Financial Year 2021, on a consolidated basis, are not comparable with CSL's results of operations for Financial Year 2020;
- improvement in the realization of specialty paste PVC resin on account of robust demand and a decline in the imports of specialty paste PVC resin due to permanent shutdowns of plants in Korea, China and Europe;
- increase in our custom manufacturing business revenues on account of higher realizations;
- disruption of our operations at our manufacturing facilities between March 2020 and May 2020 on account of COVID-19. However, post that period, there was a sharp recovery in most of our products; and
- reduced demand for caustic soda and hydrogen peroxide in the textile and paper industries, due to COVID-19.

### **Income**

Our total income increased to ₹ 38,151.08 million for the Financial Year 2021 from ₹ 12,655.10 million for the Financial Year 2020, primarily due to the consolidation of CCVL's total income.

*Revenue from operations.* Our revenue from operations increased to ₹ 37,987.26 million for the Financial Year 2021 from ₹ 12,576.57 million for the Financial Year 2020, primarily due to the impact of the CCVL Acquisition. Notwithstanding the impact of the CCVL Acquisition, our increase in revenue from operations was also due to increases in the sales of custom manufacturing, specialty paste PVC and hydrogen peroxide. This was partially offset by a decrease in sales of caustic Mettron and Power.

*Other income.* Our other income increased to ₹ 163.82 million for the Financial Year 2021 from ₹ 78.53 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's other income. Notwithstanding the impact of the CCVL Acquisition, our increase in other income was also due to an increase in the interest income on financial assets at an amortized cost to ₹ 28.13 million for the Financial Year 2021 as compared to ₹ 16.19 million for the Financial Year 2020, and an increase in provision no longer required written back to ₹ 24.40 million for the Financial Year 2021 as compared to ₹ 12.87 million for the Financial Year 2020. This increase was partially offset by a decrease in distribution of profits received from partnership firm to nil for the Financial Year 2021 from ₹ 17.23 million for the Financial Year 2020, and a decrease in miscellaneous income to ₹ 5.58 million for the Financial Year 2021 from ₹ 32.13 million for the Financial Year 2020.

### **Expenses**

*Cost of materials consumed.* Cost of materials consumed increased to ₹ 20,657.61 million for the Financial Year 2021 from ₹ 4,365.24 million for the Financial Year 2020. This increase was primarily on account of the impact of the consolidation of CCVL's cost of materials consumed due to the CCVL Acquisition. Notwithstanding the impact of the CCVL Acquisition, there was a decrease in cost of materials consumed primarily on account of a decrease in the volume of raw materials consumed due to lower specialty paste PVC, chloromethanes, Caustic and Mettron production and partially offset by higher hydrogen peroxide production during the Financial Year 2021 as compared to the Financial Year 2020.

*Changes in inventories of finished goods, traded goods and work-in-progress.* Changes in inventories of finished goods, traded goods and work-in-progress increased to a reduction of ₹ 262.83 million for the Financial Year 2021 from an increase of ₹ 151.48 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's lower closing inventory due to the CCVL Acquisition. Notwithstanding the impact of the CCVL Acquisition, our lower closing inventory was also due to a lower closing inventory of specialty paste PVC resin, refrigerant gas and hydrogen peroxide.

*Purchase of traded goods.* Purchase of traded goods increased to ₹ 310.78 million for the Financial Year 2021 as compared to nil for the Financial Year 2020, primarily due to consolidation of CCVL's purchase of traded goods.

**Employees' benefit expense.** Employees' benefit expense increased to ₹ 1,135.83 million for the Financial Year 2021 from ₹ 828.06 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's employees' benefit expense.

**Other expenses.** Our other expenses increased to ₹ 6,005.59 million for the Financial Year 2021 from ₹ 4,411.54 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's other expenses due to the CCVL Acquisition. Notwithstanding the impact of the CCVL Acquisition, our decrease in other expenses was primarily due to a decrease in power and fuel cost to ₹ 2,509.09 million for the Financial Year 2021 from ₹ 2,877.89 million for the Financial Year 2020, primarily on account of lower coal consumption on account of lower coal power generation and lower natural gas cost (lower cost and lower consumption), partially offset by higher power drawal from the Electricity Board.

**Depreciation expense.** Our depreciation expense increased to ₹ 1,309.83 million for the Financial Year 2021 from ₹ 873.61 million for the Financial Year 2020, primarily on account of the impact of the consolidation of CCVL's depreciation due to the CCVL Acquisition.

**Finance costs.** Our finance costs increased to ₹ 4,333.62 million for the Financial Year 2021 from ₹ 954.57 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's finance costs due to the CCVL Acquisition. Notwithstanding the impact of the CCVL Acquisition, our increase in finance costs was also due to an increase in average weighted indebtedness, which considers the full year impact of the debenture loan interest.

**Tax expenses.** Our total tax expenses increased to ₹ 1,369.47 million for the Financial Year 2021 from ₹ 255.77 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's tax expense due to the CCVL Acquisition. For the Financial Year 2021, we had a current tax expense of ₹ 811.70 million, deferred tax expense of ₹ 592.91 million and a reversal of income tax relating to the earlier years of ₹ 35.14 million. For the Financial Year 2020, we had a current tax expense of ₹ 298.81 million, a reversal of temporary difference on deferred tax of ₹ 44.16 million and an expense of income tax relating to the earlier years of ₹ 1.12 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 25.03% and 35.67% for the Financial Years 2021 and 2020, respectively.

**Profit after tax for the year.** Our profit after tax for the year increased to ₹ 4,102.44 million for the Financial Year 2021 from ₹ 461.25 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's profit for the year due to the CCVL Acquisition.

**Total other comprehensive income.** Our total other comprehensive income decreased to ₹ (222.29) million for the Financial Year 2021 from ₹ 41.08 million for the Financial Year 2020, primarily on account of profit/(loss) on sale/redemption of investment in joint venture and associate and share of OCI from joint venture and associate during the Financial Year 2021.

**Total comprehensive income.** Our total comprehensive income increased to ₹ 3,880.15 million for the Financial Year 2021 from ₹ 502.33 million for the Financial Year 2020, primarily due to the impact of the consolidation of CCVL's total comprehensive income due to the CCVL Acquisition.

#### **Financial Year 2020 compared to Financial Year 2019**

Our results of operations for the Financial Year 2020 were particularly affected by the following factors:

- commencement of production of hydrogen peroxide in Financial Year 2020; and
- an increase in the production volume of specialty paste PVC resin and refrigerant gas.

#### **Income**

Our total income decreased by 0.10% to ₹ 12,655.10 million for the Financial Year 2020 from ₹ 12,667.74 million for the Financial Year 2019, primarily due to decrease in other income.

**Revenue from operations.** Our revenue from operations increased by 0.26% to ₹ 12,576.57 million for the Financial Year 2020 from ₹ 12,543.39 million for the Financial Year 2019, primarily due to an increase in the sale of goods to ₹ 12,494.57 million for the Financial Year 2020 from ₹ 12,451.91 million for the Financial Year 2019 in line with higher product volumes sold. This increase was partially offset by a decrease in the

revenue from export incentives to ₹ 28.97 million for the Financial Year 2020 from ₹ 36.44 million for the Financial Year 2019.

*Other income.* Our other income decreased by 36.85% to ₹ 78.53 million for the Financial Year 2020 from ₹ 124.35 million for the Financial Year 2019, primarily due to a decrease in distribution of profits received from partnership firm to ₹ 17.23 million for the Financial Year 2020 from ₹ 92.58 million for the Financial Year 2019. This decrease was partially offset by an increase in the interest income on financial assets at amortised cost to ₹ 16.19 million for the Financial Year 2020 as compared to ₹ 4.41 million for the Financial Year 2019, and an increase in miscellaneous income to ₹ 32.13 million for the Financial Year 2020 as compared to ₹ 21.19 million for the Financial Year 2019.

### **Expenses**

*Cost of materials consumed.* Cost of materials consumed increased by 6.95% to ₹ 4,365.24 million for the Financial Year 2020 from ₹ 4,081.53 million for the Financial Year 2019. This increase was primarily on account of an increase in the volume of raw materials consumed during the Financial Year 2020 as compared to the Financial Year 2019 due to commencement of production of hydrogen peroxide in Financial Year 2020 and an increase in the production volume of specialty paste PVC resin and refrigerant gas during the Financial Year 2020 as compared to Financial Year 2019.

*Changes in inventories of finished goods, traded goods and work-in-progress.* Changes in inventories of finished goods, traded goods and work-in-progress was a reduction of ₹ 151.48 million for the Financial Year 2020 as compared to a reduction of ₹ 80.07 million for the Financial Year 2019, primarily attributable to the higher closing inventory of specialty paste PVC resin, caustic soda, refrigerant gas and hydrogen peroxide for the Financial Year 2020 as compared to Financial Year 2019.

*Employees' benefit expense.* Employees' benefit expense increased by 6.44% to ₹ 828.06 million for the Financial Year 2020 from ₹ 777.96 million for the Financial Year 2019, primarily due to an increase in our number of employees in line with the overall growth of our operations and annual compensation increments given to our employees.

*Other expenses.* Our other expenses decreased by 3.12% to ₹ 4,411.54 million for the Financial Year 2020 from ₹ 4,553.60 million for the Financial Year 2019, primarily due to a decrease in power and fuel to ₹ 2,877.89 million for the Financial Year 2020 from ₹ 3,285.71 million for Financial Year 2019, due to a decrease in the cost of coal and lower consumption of higher cost power from the relevant state electricity board. This decrease was partially offset by an increase in insurance to ₹ 79.95 million for Financial Year 2020 from ₹ 27.29 million for Financial Year 2019, an increase in the repairs and maintenance of machinery to ₹ 282.13 million for Financial Year 2020 from ₹ 254.67 million for the Financial Year 2019, an increase in legal and professional fees to ₹ 123.51 million for Financial Year 2020 from ₹ 39.28 million for Financial Year 2019 and an increase in miscellaneous expenses to ₹ 274.18 million for Financial Year 2020 from ₹ 216.40 million for Financial Year 2019, all of which were in line with the overall growth of our operations.

*Depreciation expense.* Our depreciation expense increased by 54.96% to ₹ 873.61 million for the Financial Year 2020 from ₹ 563.76 million for the Financial Year 2019, primarily on account of our changing the method of accounting for property, plant and equipment to revaluation model on March 31, 2019 from cost model. For details, see “-Summary of Significant Accounting Policies” on page 402.

*Finance costs.* Our finance costs increased by 97.74% to ₹ 954.57 million for the Financial Year 2020 from ₹ 482.75 million for the Financial Year 2019, primarily due to an increase in average weighted indebtedness.

*Tax expenses.* Our total tax expenses decreased by 65.87% to ₹ 255.77 million for the Financial Year 2020 from ₹ 749.35 million for the Financial Year 2019. For the Financial Year 2020, we had a current tax expenses of ₹ 298.81 million, a reversal of temporary difference on deferred tax of ₹ 44.16 million and an expense of income tax relating to the earlier years of ₹ 1.12 million. For the Financial Year 2019, we had a current tax expense of ₹ 521.99 million, deferred tax of ₹ 230.19 million and a reversal of expense of income tax relating to the earlier years of ₹ 2.83 million. Our effective tax rate (which represents the ratio of total tax expenses to profit before tax during the relevant period, expressed as a percentage) was 35.67% and 38.75% for the Financial Years 2020 and 2019, respectively.

*Profit for the year.* Our profit after tax for the year decreased by 61.06% to ₹ 461.25 million for the Financial Year 2020 from ₹ 1,184.64 million for the Financial Year 2019.

**Total other comprehensive income.** Our total other comprehensive income decreased to ₹ 41.08 million for the Financial Year 2020 from ₹ 10,917.63 million for the Financial Year 2019, primarily on account of revaluation of property, plant and equipment in the Financial Year 2019.

**Total comprehensive income.** Our total comprehensive income decreased to ₹ 502.33 million for the Financial Year 2020 from ₹ 12,102.27 million for the Financial Year 2019.

## Cash Flows

The following table sets forth our cash flows for the years indicated:

(₹ in million)

	Financial Year		
	2021	2020	2019
Net cash from/(used in) Operating Activities	10,763.90	1,660.62	2,342.12
Net cash from/(used in) Investing Activities	21,515.87	(4,376.72)	(3,108.90)
Net cash from/(used in) Financing Activities	(30,166.55)	2,981.08	(33.01)
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>2,113.22</b>	<b>264.98</b>	<b>(799.79)</b>
Cash and cash equivalents at the beginning of the year	753.45	488.47	1,532.35
Cash and cash equivalents taken over / (transferred) pursuant to scheme of arrangement (net)	-	-	(244.09)
Cash and cash equivalents taken over pursuant to acquisition of subsidiary	168.21	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>3,034.88</b>	<b>753.45</b>	<b>488.47</b>

## Operating Activities

Net cash from operating activities was ₹ 10,763.90 million for the Financial Year 2021. While our restated profit before tax and exceptional items was ₹ 5628.75 million, we had an operating profit before working capital changes of ₹ 10,889.52 million, primarily due to adjustments for non-cash items and items relating to financing and investing activities, interest and finance charges of ₹ 4,333.62 million, depreciation expenses of ₹ 1309.83 million, share of loss from associate and joint venture, of ₹ 3,315.91 million, profit on redemption of investments in joint venture and associate of ₹ 4,809.67 million, difference in fair value of derivative instrument amounting to ₹ 686.40 million, unrealized loss of foreign exchange transactions(net) amounting to ₹ 730.87 million and exceptional item of ₹ 156.84 million. Working capital changes for the year ended March 31, 2021 primarily consisted of an increase in trade and other receivables of ₹ 391.37 million and inventories of ₹ 872.40 million, partially offset by an increase in trade and other payables of ₹ 1743.60 million. Our cash from operating activities was ₹ 11,369.35 million, adjusted by income taxes paid (net) of ₹ 605.45 million.

Net cash from operating activities was ₹ 1,660.62 million for the Financial Year 2020. While our restated profit before tax and exceptional items was ₹ 717.02 million, we had an operating profit before working capital changes of ₹ 3,166.61 million, primarily due to adjustments for non cash and items relating to financing and investing activities, interest and finance charges of ₹ 954.57 million, depreciation of ₹ 873.61 million and share of loss from associate and joint venture, of ₹ 656.54 million, difference in fair value of derivative instrument amounting to ₹ 195.71 million. Working capital changes for the Financial Year 2020 primarily consisted of a decrease in trade and other payables of ₹ 1,149.69 million and an increase in trade and other receivables of ₹ 154.72 million, partially offset by decrease in inventories of ₹ 184.93 million. Our cash generated from operating activities was ₹ 2,047.13 million, adjusted by income taxes paid (net) of ₹ 386.51 million.

Net cash from operating activities was ₹ 2,342.12 million for the Financial Year 2019. While our restated profit before tax and exceptional items was ₹ 1,933.99 million, we had an operating profit before working capital changes of ₹ 3,284.58 million, primarily due to adjustments for non cash and items relating to financing and investing activities, depreciation of ₹ 563.76 million, interest and finance charges of ₹ 482.75 million and share of loss from associate and joint venture, of ₹ 354.22 million, distribution of profit received from partnership firm, of ₹ 92.58 million. Working capital changes for the Financial Year 2019 primarily consisted of an increase in inventories of ₹ 634.37 million and trade and other receivables of ₹ 71.86 million, partially offset by an increase in trade and other payables of ₹ 315.49 million. Our cash generated from operating activities was ₹ 2,893.84 million, adjusted by income taxes paid (net) of ₹ 551.72 million.

## Investing Activities

Net cash from investing activities was ₹ 21,515.87 million for the year ended March 31, 2021, primarily comprising of redemption of investments compulsorily convertible preference shares in associate of ₹ 16,821.95

million, net redemption of investments in joint venture, of ₹ 10,734.63 million, partially offset by Investments made in equity shares of subsidiary of ₹ 3003.45 million, net margin deposits placed with bank of ₹ 2,600.71 million and purchase towards property, plant and equipment of ₹ 553.93 million.

Net cash used in investing activities was ₹ 4,376.72 million for the Financial Year 2020, primarily comprising investments made in compulsorily convertible preference shares in associate, of ₹ 4,821.95 million, purchase of property, plant and equipment of ₹ 503.51 million and net margin deposit placed with banks of ₹ 339.73 million, partially offset by net redemption of investments in joint venture, of ₹ 1,252.66 million.

Net cash used in investing activities was ₹ 3,108.90 million for the Financial Year 2019, primarily comprising net investments made in joint venture, of ₹ 2,610.62 million and purchase towards property, plant and equipment of ₹ 600.22 million.

### **Financing Activities**

Net cash used in financing activities was ₹ 30,166.55 million for the year ended March 31, 2021, primarily comprising of redemption of instruments entirely equity in nature consequent to change in terms of ₹ 24,553.35 million, repayment of long-term borrowings / non-convertible debentures of ₹ 2,544.30 million, repayment of short term borrowings (net) of ₹ 1,127.49 million and interest and finance charges paid of ₹ 3,895.81 million partly offset by Proceeds from Long term borrowings of ₹ 2,000 million.

Net cash from financing activities was ₹ 2,981.08 million for the Financial Year 2020, primarily comprising of proceeds from non-convertible debentures of ₹ 12,700.00 million, partially offset by redemption of instruments entirely equity in nature consequent to change in terms of ₹ 6,375.00 million, interest and finance charges paid of ₹ 1,221.47 million, net repayment of short-term borrowings of ₹ 1,085.55 million and repayment of long-term borrowings / non-convertible debentures of ₹ 991.92 million.

Net cash used from financing activities was ₹ 33.01 million for the Financial Year 2019, primarily comprising of repayment of long-term borrowings / non-convertible debentures of ₹ 581.01 million and interest and finance charges paid of ₹ 471.35 million, partially offset by net proceeds from short-term borrowings of ₹ 1,041.31 million.

### **Indebtedness**

As of March 31, 2021, we had outstanding consolidated total borrowings of ₹ 21,102.28 million at consolidated level comprising of non-current borrowings of ₹ 20,245.49 million and current maturities of long term borrowings of ₹ 856.79 million at an consolidated level.

See “*Financial Indebtedness*” for a description of broad terms of our indebtedness on page 437.

In the event our lenders declare an event of default, such defaults could lead to acceleration of our obligations, termination of one or more of our financing agreements or force us to sell our assets, which may adversely affect our business, results of operations and financial condition. For further details, see “*Risk Factors – We have incurred significant indebtedness and our lenders have imposed certain restrictive conditions on us under our financing arrangements. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.*” on page 35.

### **Capital and Other Commitments**

As of March 31, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for was ₹ 350.57 million.

The following table sets forth a summary of the maturity profile of our contractual obligations as of March 31, 2021:

	(₹ in millions)				
	Payments due by period				
	Total	Less than 1 year	1 -3 years	3-5 years	Above 5 years
Contracts issued	350.57	350.57	-	-	-
Long term debt	21,102.28	856.79	6,700.19	8,923.40	4,621.90

### **Capital Expenditure**

Capital expenditure comprises of additions during the year to property, plant and equipment, capital-work-in



progress.

In the Financial Year 2021, we incurred capital expenditure of ₹ 663.71 million, which was primarily for the construction of raw water storage tank at Mettur, replacement of ethylene precooling pipe line, fire hydrant at Karaikal and remembraning and recoating of electrolyser at Karaikal and cost of additional land allotted by SIPCOT at Cuddalore, Tamil Nadu.

In the Financial Year 2020, we incurred capital expenditure of ₹ 452.89 million, which was primarily for the construction of raw water storage tank at Mettur and setting up of waste heat recovery boiler at Karaikal.

In the Financial Year 2019, we incurred capital expenditure of ₹ 582.24 million, which primarily for the construction of hydrogen peroxide plant at Mettur and remembraning of electrolysers at Karaikal.

### **Contingent Liabilities and Commitments**

We do not have any off-balance sheet arrangements.

The table below sets forth our contingent liabilities as per Ind AS 37 as of March 31, 2021:

(₹ in million)

	As on March 31, 2021
<b>Claims against our Company not acknowledged as debt:</b>	
On account of direct taxes	67.26
On account of indirect taxes	277.22
On account of other disputes	143.96
<b>Total</b>	<b>488.44</b>

### **Off-Balance Sheet Commitments and Arrangements**

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

### **Quantitative and Qualitative Analysis of Market Risks**

Our Board has overall responsibility for the establishment and oversight of our risk management framework. We are exposed to various types of market risks during the normal course of business.

#### ***Market risk***

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect our income or the value of its holdings of financial instruments. We are exposed to market risk primarily related to foreign exchange rate risk and interest rate risk. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### ***Currency risk***

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We have foreign currency trade payables and receivables and our therefore exposed to foreign exchange risk.

#### ***Commodity price risk***

We import ethylene and EDC for manufacturing specialty paste PVC resin, methanol for manufacturing chloromethanes and other chlorine derivatives and coal for its coal-based captive power plant. For ethylene and EDC, the price of specialty paste PVC resin is monitored by our management and adjusted to respond to change in import parity price of PVC in the Indian market. The prices of ethylene and EDC and specialty paste PVC resin generally move in the same direction thereby largely maintaining the margins at the same levels over a period of time. Accordingly, we are not significantly exposed to the variation in commodity prices over a period for the above products. We are exposed to market risk with respect to the volatility in the price of coal and methanol.

#### ***Interest Rate Risk***

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. We are exposed to market risk with respect to changes in interest rates related to our borrowings. Some of our current indebtedness bears interest at floating rates where the interest payments are tied to certain benchmark rates set by RBI. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations. For further information, see “*Financial Indebtedness*” on page 437.

### ***Credit Risk***

Credit risk is the risk that a counter-party will not meet its contractual obligations. Our exposure to credit risk is largely influenced by the individual characteristics of each customer. We have credit terms typically ranging from advance payment to 60 days with our customers. As of March 31, 2021, 2020 and 2019, our trade receivables were ₹ 739.27 million, ₹ 481.95 million and ₹ 668.99 million, respectively and we did not have any trade receivables outstanding for a period of over 180 days. We do not have any significant concentration of credit risk.

### ***Liquidity risk***

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Our approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

### ***Inflation risk***

India has experienced high inflation in the recent past, which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in our employee benefit payments or other expenses as a result of increase in inflation in India, which we are unable to pass on to our customers, whether entirely or in part, may adversely affect our business and financial condition.

### **Unusual or Infrequent Events or Transactions**

Except as described in this Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

### **Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in “*Significant Factors Affecting our Results of Operations*” above and the uncertainties described in “*Risk Factors*” on page 32. To our knowledge, except as disclosed in this Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

### **Future Relationship between Cost and Revenue**

Other than as described in “*Risk Factors*” and this section, there are no known factors that might affect the future relationship between cost and revenue.

### **Related Party Transactions**

We have entered into various transactions with related parties as per the requirements under Ind AS 24 and the SEBI ICDR Regulations, including our Promoters and certain members of our Promoter Group. For example, we have received advance of ₹ 6,375.00 million from Sanmar Holdings Limited in Financial Year 2020 for issuance of zero coupon compulsorily convertible debentures redeemed during the year.

We cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. Such related party transactions in the future, or any future related party transactions, may potentially involve conflicts of interest. For details on our related party transactions as per the requirements under Ind AS 24, see “*Related Party Transactions*” on page 397.

### **Qualifications and Matters of Emphasis**

For details in relation to auditor qualification and matters of emphasis, see “*Risk Factors – Our Statutory Auditor has included certain emphasis of matters and other matters paragraph, in their examination report on our Restated Consolidated Summary Statements, and the statutory auditor of CCVL, has included certain emphasis of matter, in its audit reports*” on page 36.

### **Competitive Conditions**

We expect to continue to compete with existing and potential competitors. For details, please refer to the discussions of our competition in the sections “*Risk Factors*” and “*Our Business*” on pages 32 and 136, respectively.

### **Seasonality and Cyclicity of Business**

Our business is not seasonal in nature.

### **New Products or Business Segments**

As of March 31, 2021, we have expansion plans to increase our existing production capacity. See “*Our Business – Description of Our Business – Proposed expansion of manufacturing facilities*” on page 146.

Except as disclosed in “*Our Business*” on page 136, we have not announced and do not expect to announce in the near future any new products or business segments.

### **Significant Developments Occurring after March 31, 2021**

Except as set out in this Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Our business and operations were adversely affected by the second wave of the COVID-19 pandemic, primarily due to the impact on our logistical operations caused by lockdowns imposed across the country, and as a result of which transportation of finished goods was affected. However, we continued our manufacturing activities in the ordinary course of business throughout the first quarter of Financial Year 2022. While our results from operations, including revenue from operations and profitability for the first quarter of Financial Year 2022 improved as compared to the first quarter of Financial Year 2021, they were adversely affected in comparison with the immediately preceding quarter.

### **Recent Accounting Pronouncements**

As of the date of this Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

## RESULTS OF OPERATIONS OF CCVL

Our Company was also engaged in manufacturing of suspension PVC resin until Financial Year 2018. The undertaking engaged in manufacturing of suspension PVC resin was demerged from our Company to Chemplast Cuddalore Vinyls Limited (“CCVL”), on a going concern basis, with effect from April 1, 2018, pursuant to a scheme of arrangement (“**Composite Scheme of Arrangement**”, and the demerger, the “**Arrangement**”). CCVL became our wholly owned subsidiary on March 31, 2021 pursuant to the acquisition of CCVL by our Company. Consequently, the results of operations of CCVL will only be reflected in the consolidated financial statements of our Company for the year ended March 31, 2021. Accordingly, the following discussion is limited to the audited standalone financial statements of CCVL as of and for the financial years ended March 31, 2021, 2020 and 2019.

You should read the following discussion in conjunction with CCVL’s audited standalone financial statements as of and for the financial years ended March 31, 2021, 2020 and 2019, including the related annexures.

CCVL’s financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance of CCVL. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “Forward-looking Statements” and “Risk Factors” on pages 24 and 32, respectively.

### Statement of Significant Accounting Policies

For details in relation to significant accounting policies of CCVL as at and for the years March 31, 2021, 2020 and 2019, as per Ind-AS 1 - Presentation of Financial Statements, see “Financial Statements – Audited Standalone Financial Statements of CCVL”.

### Income and Expenses

CCVL’s income and expenditure is reported in the following manner:

#### *Income*

CCVL’s total income comprises of revenue from operations and other income.

#### *Revenue from operations*

CCVL’s revenue from operations is primarily attributable to revenue from sale of suspension PVC resin.

#### Revenue from the sale of goods

Revenue from sale of goods includes revenue from sale of suspension PVC resin, a commodity chemical product.

#### Revenue from the sale of traded goods

Revenue from the sale of traded goods includes revenue from sale of a particular grade of suspension PVC resin that is different from the grade manufactured by CCVL, imported and sold in domestic market.

#### Others

Revenue from others primarily includes revenue from sale of scrap.

#### *Other Income*

CCVL’s other income primarily comprises of: (i) interest income on fixed deposits with banks and electricity deposits; (ii) amortisation of government grant, namely, difference between concessional interest rate of 0.10% and applicable market interest rate. This concessional loans at 0.10% per annum was received by CCVL for establishing a manufacturing facility in SIPCOT industrial area in Cuddalore, Tamil Nadu; (iii) share of income

from partnership firm, Mowbrays Corporate Finance where CCVL was a partner until December 19, 2019; (iv) provisions no longer required to be written back; and (v) miscellaneous income.

### **Expenses**

CCVL's expenses comprises of: (i) cost of materials consumed; (ii) changes in inventories of finished goods, traded goods and work-in-progress; (iii) purchase of traded goods; (iv) employee benefits expenses; (v) other expenses; (vi) depreciation and amortization expense; and (vii) finance costs.

*Cost of materials consumed.* Cost of materials consumed consists of raw material or intermediaries, required for the manufacturing of finished goods.

*Changes in inventories of finished goods and work-in-progress:* Changes in inventories of finished goods and work-in-progress comprises of net increases or decreases in inventory levels of finished goods and work-in-progress.

*Purchase of traded goods.* Purchase of traded goods reflects cost of particular grade of suspension PVC resin that is different from the grade manufactured by CCVL, imported and sold in domestic market.

*Employee benefits expense.* Employee benefits expense primarily includes salaries and wages, contribution to provident and other funds, provisions for gratuity and compensated absences and staff welfare expenses.

*Other expenses.* Other expenses primarily comprises of: (i) power and fuel costs; (ii) stores consumed; (iii) operation and maintenance expenses; (iv) repairs and maintenance; (v) insurance charges; (vi) commission on sales; (vii) rent; (viii) rates and taxes; (ix) freight and handling expenses; (x) difference in foreign exchange (net); (xi) legal and professional charges; (xii) payments to auditors; and (xiii) miscellaneous expenses.

*Depreciation and amortization expense.* Tangible assets are depreciated and intangible assets are amortized over periods corresponding to their useful lives.

*Finance costs.* CCVL's finance costs comprise mainly interest expense on term loan and working capital borrowings, as well as, other finance costs such as letter of credit charges, loan processing fee and bank charges.

### **Tax expense**

CCVL's tax expense comprises current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and provisions of the applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. CCVL's deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

### **Items of other comprehensive income**

Items of other comprehensive income comprise re-measurements of defined benefit liability, revaluation of property, plant and equipment and related deferred tax impact.

### **CCVL's Results of Operations**

The following table sets forth select financial data from CCVL's statement of profit and loss for the Financial Years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods:

	Financial Year					
	2021		2020		2019	
	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)*	(% of Total Income)
<b>Income:</b>						
Revenue from operations	25,107.39	99.58%	18,789.52	99.40%	20,522.93	99.63%
Other income	106.04	0.42%	113.86	0.60%	76.60	0.37%
<b>Total Income</b>	<b>25,213.43</b>	<b>100.00%</b>	<b>18,903.38</b>	<b>100.00%</b>	<b>20,599.53</b>	<b>100.00%</b>

	Financial Year					
	2021		2020		2019	
	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)*	(% of Total Income)
<b>Expenses:</b>						
Cost of materials consumed	16,532.30	65.57%	15,122.07	80.00%	16,491.17	80.06%
Changes in inventories of finished goods, traded goods and work-in-progress	114.51	0.45%	98.75	0.52%	(366.30)	(1.78)%
Purchase of traded goods	310.78	1.23%	-	-	-	-
Employee benefits expense	364.56	1.45%	355.46	1.88%	331.94	1.61%
Other expenses	2,082.27	8.26%	2,349.16	12.43%	2,050.59	9.95%
Depreciation expense	433.71	1.72%	416.49	2.20%	244.21	1.19%
Finance costs	1,796.93	7.13%	1,164.61	6.16%	638.24	3.10%
<b>Total Expenses</b>	<b>21,635.06</b>	<b>85.81%</b>	<b>19,506.54</b>	<b>103.19%</b>	<b>19,389.85</b>	<b>94.13%</b>
<b>Profit/(Loss) before tax and exceptional items</b>	<b>3,578.37</b>	<b>14.19%</b>	<b>(603.16)</b>	<b>(3.19) %</b>	<b>1,209.68</b>	<b>5.87%</b>
Exceptional item	-	-	(1,068.95)	(5.65) %	-	-
<b>Profit/(Loss) before tax</b>	<b>3,578.37</b>	<b>14.19%</b>	<b>(1,672.11)</b>	<b>(8.85) %</b>	<b>1,209.68</b>	<b>5.87%</b>
<b>Tax expense:</b>						
Current Tax	(678.60)	(2.69)%	-	-	(458.46)	(2.23) %
Income Tax relating to earlier years	-	-	174.04	0.92%	-	-
Deferred Tax	(233.29)	(0.93) %	521.54	2.76%	192.50	0.93%
<b>Income tax expense</b>	<b>(911.89)</b>	<b>(3.62) %</b>	<b>695.57</b>	<b>3.68%</b>	<b>(265.96)</b>	<b>(1.29) %</b>
<b>Profit/(Loss) after tax</b>	<b>2,666.48</b>	<b>10.58%</b>	<b>(976.54)</b>	<b>(5.17) %</b>	<b>943.72</b>	<b>4.58%</b>
<b>Total Other Comprehensive Income</b>	<b>31.11</b>	<b>0.12%</b>	<b>600.63</b>	<b>3.18%</b>	<b>4,463.42</b>	<b>21.67%</b>
<b>Total Comprehensive Income</b>	<b>2,697.59</b>	<b>10.70%</b>	<b>(375.90)</b>	<b>(1.99) %</b>	<b>5,407.14</b>	<b>26.25%</b>

\*Rounded-off to two decimal places.

### Financial Year 2021 compared to Financial Year 2020

CCVL's results of operations for the Financial Year 2021 were particularly affected by the following factors:

- disruption of operations at the Cuddalore Facility between March 2020 and May 2020 on account of COVID-19. CCVL resumed production from mid-May, 2020; and
- increase in CCVL's revenue from operations during Financial Year 2021 was on account of increase in the revenue from sale of goods as a result of:
  - a robust demand for suspension PVC resin in India after the first wave of COVID-19, resulting in historically high margins;
  - limited availability of suspension PVC resin globally; and
  - the impact of extended monsoons on construction activity in India during the Financial Year 2020.

### Income

CCVL's total income increased by 33.38% to ₹ 25,213.43 million for Financial Year 2021 from ₹ 18,903.38 million for Financial Year 2020, primarily due to an increase in revenue from operations.

*Revenue from Operations.* CCVL's revenue from operations increased by 33.62% to ₹ 25,107.39 million for Financial Year 2021 from ₹ 18,789.52 million for Financial Year 2020, primarily due to an increase in revenue from sale of manufactured goods to ₹ 24,855.18 million for Financial Year 2021 from ₹ 18,785.47 million for Financial Year 2020 and revenue from sale of traded goods to ₹ 248.67 million for Financial Year 2021 from nil for Financial Year 2020, as a result of an increase in demand for suspension PVC resin both in India and globally resulted in higher prices of suspension PVC resin.

*Other income.* CCVL's other income decreased by 6.87% to ₹ 106.04 million for Financial Year 2021 from ₹ 113.86 million for Financial Year 2020, primarily due to lower amortization of government grant to ₹ 5.81 million for Financial Year 2021 from ₹ 26.93 million for Financial Year 2020 and miscellaneous income to ₹ 0.15 million for Financial Year 2021 from ₹ 16.69 million for Financial Year 2020 partially offset by an increase in interest income on financial assets to ₹ 94.99 million for Financial Year 2021 from ₹ 67.05 million for Financial Year 2020.

## **Expenses**

*Cost of material consumed.* CCVL's cost of materials consumed increased by 9.33% to ₹ 16,532.30 million for Financial Year 2021 from ₹ 15,122.07 million for Financial Year 2020, primarily due to an increase in the volume of suspension PVC resin sold and higher VCM prices.

*Changes in inventories of finished goods, traded goods and work-in-progress.* CCVL's changes in inventories of finished goods, traded goods and work-in-progress was ₹ 114.51 million for Financial Year 2021 as compared to ₹ 98.75 million for Financial Year 2020.

*Purchase of traded goods.* CCVL's purchase of traded goods was ₹ 310.78 million for Financial Year 2021 as compared to nil for Financial Year 2020.

*Employee's benefit expense.* CCVL's employee's benefit expense increased by 2.56% to ₹ 364.56 million for Financial Year 2021 from ₹ 355.46 million for Financial Year 2020, primarily due to annual compensation increments given to employees.

*Other expenses.* CCVL's other expenses decreased by 11.36% to ₹ 2,082.27 million for Financial Year 2021 from ₹ 2,349.16 million for Financial Year 2020, primarily due to decreases in (i) difference in foreign exchange (net) to ₹ 437.62 million for Financial Year 2021 from ₹ 566.51 million for Financial Year 2020 relating to import of raw materials; (ii) legal and professional fees to ₹ 22.41 million for Financial Year 2021 from ₹ 101.69 million for Financial Year 2020; (iii) power and fuel expenses to ₹ 486.24 million for Financial Year 2021 from ₹ 551.57 million for Financial Year 2020 due to lower production because of COVID lockdowns; (iv) freight and handling charges to ₹ 83.35 million for Financial Year 2021 from ₹ 113.99 million for Financial Year 2020 due to lower sales from depots; and (v) stores consumed to ₹ 409.76 million for Financial Year 2021 from ₹ 415.81 million for Financial Year 2020. This was partially offset by increases in (i) miscellaneous expenses to ₹ 269.13 million for Financial Year 2021 from ₹ 242.84 million for Financial Year 2020 due to an increase in overall administrative expenses; and (ii) repairs and maintenance of machinery to ₹ 72.19 million for Financial Year 2021 from ₹ 56.84 million for Financial Year 2020.

*Depreciation expense.* CCVL's depreciation expense increased by 4.13% to ₹ 433.71 million for Financial Year 2021 from ₹ 416.49 million for Financial Year 2020, primarily on account of provision for additional depreciation on certain assets.

*Finance costs.* CCVL's finance costs increased by 54.29% to ₹ 1,796.93 million for Financial Year 2021 from ₹ 1,164.61 million for Financial Year 2020, primarily due to increases in (i) interest on loans and bank overdrafts to ₹ 1,290.05 million for Financial Year 2021 from ₹ 834.19 million for Financial Year 2020, due to the full year impact of the long term loan from IndusInd Bank drawn in November 2019; and (ii) other finance costs to ₹ 504.54 million for Financial Year 2021 from ₹ 329.22 million for Financial Year 2020, due to higher finance charges paid to banks.

*Tax expenses.* CCVL's total tax expense increased to ₹ 911.89 million for Financial Year 2021 compared to tax credit of ₹ 695.57 million for Financial Year 2020. CCVL's tax expense for Financial Year 2021 comprised of current tax expense of ₹ 678.60 million and deferred tax expense of ₹ 233.29 million. CCVL's tax credit for Financial Year 2020 comprised of deferred tax credit of ₹ 521.54 million and income tax credit relating to the earlier years of ₹ 174.04 million, primarily due to higher profitability in Financial Year 2021.

*Profit for the year.* CCVL's profit for the year was ₹ 2,666.48 million for Financial Year 2021 compared to a loss for the year of ₹ 976.54 million for Financial Year 2020.

*Total other comprehensive income/(expense).* CCVL's total other comprehensive income decreased by 94.82% to ₹ 31.11 million for Financial Year 2021 from ₹ 600.63 million for Financial Year 2020, primarily on account of deferred tax credit relating to assets revalued due to change in tax rates in Financial Year 2020.

*Total comprehensive income.* CCVL's total comprehensive income increased from ₹ 2,697.59 million for Financial Year 2021 compared to ₹ 375.90 million for Financial Year 2020.

### ***Financial Year 2020 compared to Financial Year 2019***

CCVL's results of operations for the Financial Year 2020 were particularly affected by the following factors:

- decrease in CCVL's revenue from operations during the Financial Year 2020 was on account of a decrease in the revenue from sale of goods as a result of a lower demand for suspension PVC resin in India and reduction in price.

### ***Income***

CCVL's total income decreased by 8.23% to ₹ 18,903.38 million for the Financial Year 2020 from ₹ 20,599.53 million for the Financial Year 2019, primarily due to a decrease in revenue from operations.

*Revenue from Operations.* CCVL's revenue from operations decreased by 8.45% to ₹ 18,789.52 million for the Financial Year 2020 from ₹ 20,522.93 million for the Financial Year 2019, primarily due to a decrease in revenue from sale of goods to ₹ 18,785.47 million for the Financial Year 2020 from ₹ 20,515.01 million for the Financial Year 2019 as a result of a decrease in demand for suspension PVC resin in India as well as reduction in prices of suspension PVC resin.

*Other income.* CCVL's other income increased by 48.64% to ₹ 113.86 million for the Financial Year 2020 from ₹ 76.60 million for the Financial Year 2019, primarily due to an increase in interest income on financial assets of ₹ 67.05 million for Financial Year 2020 from ₹ 13.32 million for Financial Year 2019 and miscellaneous income to ₹ 16.69 million for Financial Year 2020 from ₹ 2.98 million for Financial Year 2019, partially offset by lower amortization of government grant to ₹ 26.94 million for Financial Year 2020 from ₹ 43.47 million for Financial Year 2019.

### ***Expenses***

*Cost of material consumed.* CCVL's cost of materials consumed decreased by 8.30% to ₹ 15,122.07 million for the Financial Year 2020 from ₹ 16,491.17 million for the Financial Year 2019, primarily due to a decrease in the volume of suspension PVC resin sold.

*Changes in inventories of finished goods and work-in-progress.* CCVL's changes in inventories of finished goods and work-in-progress was ₹ 98.75 million for the Financial Year 2020 as compared to ₹ (366.30) million for the Financial Year 2019.

*Employee's benefit expense.* CCVL's employee's benefit expense increased by 7.09% to ₹ 355.46 million for the Financial Year 2020 from ₹ 331.94 million for the Financial Year 2019, primarily due to annual compensation increments given to employees.

*Other expenses.* CCVL's other expenses increased by 14.56% to ₹ 2,349.16 million for the Financial Year 2020 from ₹ 2,050.59 million for the Financial Year 2019, primarily due to increases in (i) power and fuel expenses to ₹ 551.57 million for Financial Year 2020 from ₹ 503.66 million for Financial Year 2019; (ii) insurance expenses to ₹ 57.77 million for Financial Year 2020 from ₹ 26.96 million for Financial Year 2019; (iii) difference in foreign exchange (net) to ₹ 566.51 million for Financial Year 2020 from ₹ 400.85 million for Financial Year 2019, relating to import of raw materials; (iv) legal and professional fees to ₹ 101.69 million for Financial Year 2020 from ₹ 39.02 million for Financial Year 2019; and (v) miscellaneous expenses to ₹ 242.84 million for Financial Year 2020 from ₹ 122.87 million for Financial Year 2019, due to an increase in overall administrative expenses. This was partially offset by a decrease in (i) stores consumed to ₹ 415.81 million for Financial Year 2020 from ₹ 442.41 million for Financial Year 2019; (ii) rent to ₹ 0.97 million for Financial Year 2020 from ₹ 31.96 million for Financial Year 2019; (iii) repairs and maintenance of machinery to ₹ 56.84 million for



Financial Year 2020 from ₹ 78.49 million for Financial Year 2019; and (iv) freight and handling charges to ₹ 113.99 million for Financial Year 2020 from ₹ 155.94 million for Financial Year 2019.

*Finance costs.* CCVL's finance costs increased by 82.47% to ₹ 1,164.61 million for the Financial Year 2020 from ₹ 638.24 million for the Financial Year 2019, primarily due to an increase in average weighted indebtedness.

*Depreciation expense.* CCVL's depreciation expense increased by 70.55% to ₹ 416.49 million for the Financial Year 2020 from ₹ 244.21 million for the Financial Year 2019, primarily on account of CCVL changing the method of accounting for property plant and equipment to revaluation model on March 31, 2019 from cost model.

*Tax expenses.* CCVL's total tax credit was ₹ 695.57 million for the Financial Year 2020 compared to tax expense of ₹ 265.96 million for the Financial Year 2019. CCVL's tax credit for the Financial Year 2020 comprised of deferred tax credit of ₹ 521.54 million and income tax credit relating to the earlier years of ₹ 174.04 million, CCVL's tax expenses for the Financial Year 2019 comprised of current tax expense of ₹ 458.46 million and a deferred tax credit of ₹ 192.50 million.

*Loss for the year.* CCVL's loss for the year was ₹ 976.54 million for the Financial Year 2020 compared to a profit for the year of ₹ 943.72 million for the Financial Year 2019.

*Total other comprehensive income/(expense).* CCVL's total other comprehensive income decreased by 86.54% to ₹ 600.63 million for the Financial Year 2020 from ₹ 4,463.42 million for the Financial Year 2019, primarily on account of revaluation of property, plant and equipment in the Financial Year 2019.

*Total comprehensive income.* CCVL's total comprehensive expense was ₹ 375.90 million for the Financial Year 2020 compared to total comprehensive income of ₹ 5,407.14 million for the Financial Year 2019.

## Cash Flows

The following table sets forth CCVL's cash flows for the years indicated:

	(₹ in million)		
	Financial Year		
	2021	2020	2019
Net cash from Operating Activities	6,653.06	195.59	6,214.24
Net cash from/(used in) Investing Activities	9,758.31	(9,418.19)	(3,204.81)
Net cash from/(used in) Financing Activities	(14,284.83)	8,888.27	(2,809.35)
<b>Net (decrease)/increase in Cash and Cash Equivalents</b>	<b>2,126.54</b>	<b>(334.33)</b>	<b>200.08</b>
Cash and cash equivalents at the beginning of the year	168.21	502.54	302.46
<b>Cash and cash equivalents at the end of the year</b>	<b>2,294.75</b>	<b>168.21</b>	<b>502.54</b>

### Operating Activities

Net cash from operating activities was ₹ 6,653.06 million for Financial Year 2021. While CCVL's net profit before tax was ₹ 3,578.37 million, CCVL had operating profit before working capital changes of ₹ 7,095.25 million, primarily due to adjustments for financing and investing activities, interest and finance charges amounting to ₹ 1,796.93 million, unrealized loss of foreign exchange transactions (net) of ₹ 819.64 million, difference in fair value of derivative instruments of ₹ 566.49 million and depreciation of ₹ 433.71 million, partially offset by interest income of ₹ 94.99 million. CCVL's changes in working capital for Financial Year 2021 primarily consisted of an increase in trade and other payables amounting to ₹ 469.65 million, partially offset by an increase in inventories of ₹ 317.91 million and trade and other receivables of ₹ 92.73 million. CCVL's cash generated from operations was ₹ 7,154.26 million, adjusted by income taxes paid (net) of ₹ 501.20 million.

Net cash from operating activities was ₹ 195.59 million for the Financial Year 2020. While CCVL's loss before tax was ₹ 1,672.11 million, CCVL had an operating profit before working capital changes of ₹ 1,005.07 million, primarily due to adjustments for non-cash and items relating to financing and investing activities, interest and finance charges of ₹ 1,164.61 million, unrealized loss of foreign exchange transactions of ₹ 1,059.77 million, exceptional items of ₹ 1,068.95 million and depreciation of ₹ 416.49 million, partially offset by difference in fair value of derivative instruments of ₹ 935.53 million. CCVL's changes in working capital for the Financial Year 2020 primarily consisted of an increase in inventories of ₹ 575.83 million, and trade and other receivables

of ₹ 88.30 million and decrease in trade and other payables of ₹ 107.81 million. CCVL's cash generated from operations was ₹ 233.13 million, adjusted by income taxes paid (net) of ₹ 37.54 million.

Net cash from operating activities was ₹ 6,214.24 million for the Financial Year 2019. While CCVL's profit before tax was ₹ 1,209.69 million, CCVL had an operating profit before working capital changes of ₹ 2,183.43 million, primarily due to adjustments for non-cash and items relating to financing and investing activities, interest and finance charges of ₹ 638.24 million, difference in fair value of derivative instruments of ₹ 480.07 million and depreciation of ₹ 244.21 million, partially offset by unrealized gain of foreign exchange transaction of ₹ 349.35 million. CCVL's changes in working capital for the Financial Year 2019 primarily consisted of decrease in inventories of ₹ 75.64 million and trade and other receivables of ₹ 90.00 million, increase in trade and other payables of ₹ 4,136.97 million. CCVL's cash generated from operations was ₹ 6,486.04 million, adjusted by income taxes paid (net) of ₹ 271.80 million.

### ***Investing Activities***

Net cash from investing activities was ₹ 9,758.31 million for Financial Year 2021, primarily comprising of redemption of investments made in compulsorily convertible preference shares in associates of ₹ 12,000.00 million, partially offset by margin deposits placed with bank (net) of ₹ 2,222.62 million and purchase of property, plant and equipment of ₹ 105.12 million.

Net cash used in investing activities was ₹ 9,418.19 million for the Financial Year 2020, primarily comprising of investments made in compulsorily convertible preference shares in associates of ₹ 12,000.00 million; margin deposits placed with bank of ₹ 502.89 million and purchase of property, plant and equipment of ₹ 141.85 million, partially offset by redemption of current investments of ₹ 3,155.28 million (net).

Net cash used in investing activities was ₹ 3,204.81 million for the Financial Year 2019, primarily comprising of investments made of ₹ 3,155.28 million (net); and purchase of property, plant and equipment of ₹ 63.72 million.

### ***Financing Activities***

Net cash used in financing activities was ₹ 14,284.23 million for Financial Year 2021, primarily comprising of redemption of compulsorily convertible debentures of ₹ 24,553.35 million, repayment of long-term borrowing of ₹ 2,226.80 million, interest and finance charges paid of ₹ 1,407.80 million and repayment of short-term borrowing of ₹ 650.23 million partially offset by net proceeds from issue of zero coupon compulsorily convertible debentures of ₹ 12,553.35 million and net proceeds from long-term borrowings of ₹ 2,000.00 million.

Net cash from financing activities was ₹ 8,888.27 million for the Financial Year 2020, primarily comprising of issue of compulsorily convertible debentures of ₹ 12,193.50 million; net proceeds from long-term borrowings of ₹ 8,251.85 million and net proceeds from short-term borrowings of ₹ 646.74 million, partially offset by redemption of debentures of ₹ 10,860.00 million and interest and finance charges paid of ₹ 1,343.82 million.

Net cash used in financing activities was ₹ 2,809.35 million for the Financial Year 2019, primarily comprising of net repayment from short-term borrowings of ₹ 2,345.81 million and interest and finance charges paid of ₹ 638.24 million, partially offset by net proceeds from long term borrowings of ₹ 174.70 million.

### ***Indebtedness***

As of March 31, 2021, CCVL had outstanding total borrowings of ₹ 8,985.12 million, comprising non-current borrowings of ₹ 8,409.00 million and current maturities of long term borrowings of ₹ 576.12 million.

See "*Financial Indebtedness*" for a description of broad terms of CCVL's indebtedness on page 437.

In the event CCVL's lenders declare an event of default, such defaults could lead to acceleration of CCVL's obligations, termination of one or more of CCVL's financing agreements or force CCVL to sell its assets, which may adversely affect its business, results of operations and financial condition.

### ***Capital and Other Commitments***

As of March 31, 2021, CCVL's estimated amount of contracts remaining to be executed on capital account and not provided for was ₹ 73.73 million.

The following table sets forth a summary of the maturity profile of CCVL's contractual obligations as of March 31, 2021:

(₹ in millions)

	Payments due by period				
	Total	Less than 1 year	1 -3 years	3-5 years	Above 5 years
Contracts issued	73.73	73.73	-	-	-
Long term debt	8,985.12	576.12	1,365.07	2,422.03	4,621.90

### Capital Expenditure

Capital expenditure comprises of additions during the year to property, plant and equipment, capital-work-in-progress, investment property and investment property under development.

In the Financial Year 2021, CCVL incurred capital expenditure of ₹ 84.66 million, primarily consisting of cost of additional land allotted by SIPCOT at Cuddalore, Tamil Nadu.

In the Financial Year 2020, incurred capital expenditure of ₹ 145.30 million, which was primarily consisting of capitalization of stamp duty paid on registration of land in the name of CCVL, pursuant to the Arrangement.

In the Financial Year 2019, CCVL incurred capital expenditure of ₹ 63.3 million, primarily consists of cost of additional land allotted by SIPCOT at Cuddalore, Tamil Nadu.

### Contingent Liabilities and Commitments

CCVL does not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

The table below sets forth CCVL's contingent liabilities as per Ind AS 37 as of March 31, 2021:

(₹ in million)

	As of
	March 31, 2021
Claims against CCVL not acknowledged as debt on account of indirect taxes	48.40
<b>Total</b>	<b>48.40</b>

### Qualifications and Matters of Emphasis

For details in relation to auditor qualification and matters of emphasis, see "Risk Factors – Our Statutory Auditor has included certain emphasis of matters and certain other matters paragraph in our Restated Consolidated Summary Statements, and the statutory auditor of CCVL, has included certain emphasis of matter, in its audit reports" on page 36.

### Significant Developments Occurring after March 31, 2021

Except as set out in this Prospectus, to our knowledge, no circumstances have arisen since the date of the last audited standalone financial statements as disclosed in this Prospectus which materially or adversely affect or are likely to affect, CCVL's operations or profitability, or the value of its assets or CCVL's ability to pay its material liabilities within the next 12 months.

### Recent Accounting Pronouncements

As of the date of this Prospectus, there are no recent accounting pronouncements, which would have a material effect on CCVL's financial condition or results of operations.

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation derived from our Restated Consolidated Summary Statements for the FY 2021, and as adjusted for the Offer. This table should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Financial Statements*” and “*Risk Factors*” on pages 398, 199, and 32, respectively.

Particulars	Pre-Offer as at March 31, 2021 (in ₹ million)	As adjusted for the Offer (in ₹ million)
<b>Total borrowings:</b>		
Non-current borrowings (including current maturities) (A)	21,102.28	21,102.28
Current borrowings (B)	-	-
<b>Total borrowings (C)</b>	21,102.28	21,102.28
<b>Total equity:</b>		
Share capital	670.40	790.55
Instruments entirely equity in nature	343.20	343.20
Other equity	(4,511.28)	8368.57
<b>Total equity (D)</b>	(3497.68)	9502.32
<b>Total non – current borrowings / total equity (A/D)</b>	NA <sup>#</sup>	2.22
<b>Total borrowings / total equity (C/D)</b>	NA <sup>#</sup>	2.22

<sup>#</sup>NA since Total Equity is negative

Note: Pursuant to the board resolution dated January 30, 2021, and shareholders’ resolution dated March 24, 2021, equity shares of face value of ₹10 each of our Company were sub-divided into equity shares of face value of ₹ 5 each.

*As adjusted for the proposed Offer column reflects changes in Equity only on account of the proceeds from the fresh issue of ₹ 13,000 million, out of which ₹ 120.15 million has been adjusted towards Equity Share capital and ₹12,879.85 million has been adjusted towards other equity. Further, the other equity amount has not been adjusted for share issue expenses on account of the proposed Offer.*

## FINANCIAL INDEBTEDNESS

Our Company and Subsidiary have availed credit facilities in their ordinary course of business for purposes such as, *inter alia*, meeting their working capital requirements including procurement of raw materials, redemption of NCDs, refinancing of outstanding loan and general corporate purposes. For further details, see “*Risk Factors - We have incurred significant indebtedness and our lenders have imposed certain restrictive conditions on us under our financing arrangements. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.*” on page 35.

For further details regarding the resolution passed by our Shareholders on December 14, 2019 authorizing the borrowing powers of our Board, see “*Our Management – Borrowing Powers of our Board*” on page 178.

As on May 31, 2021, the aggregated outstanding borrowings of our Company and Subsidiary amounted to ₹ 32,882.17 million on a consolidated basis, and a brief summary of such borrowings is set forth below:

Category of borrowing	Sanctioned amount as on May 31, 2021 (₹ million)	Outstanding amount as on May 31, 2021 <sup>^</sup> (in ₹ million)
<b>Borrowings of our Company</b>		
<b>Secured</b>		
Working capital facilities		
Fund based	150	-
Non fund based	1,000.00	761.36
Non-convertible debentures *	12,700	12,382.50
<b>Total (A)</b>	<b>13,850.00</b>	<b>13,143.86</b>
<b>Borrowings of our Subsidiary</b>		
<b>Secured</b>		
Working capital facilities		
Fund based	Nil	Nil
Non fund based <sup>#</sup>	12,742.60	10,396.24
Term loans *	9,479.70	9,342.07
<b>Total (B)</b>	<b>22,222.30</b>	<b>19,738.30</b>
<b>Total (A) + (B)</b>	<b>36,072.30</b>	<b>32,882.17</b>

<sup>^</sup>As certified by the Independent Chartered Accountant, pursuant to their certificate dated August 2, 2021.

\* It reflects the actual outstanding as at May 31, 2021.

<sup>#</sup> CCVL part prepaid IndusInd facility to the extent of ₹ 2,000 million.

For disclosure of borrowings as at March 31, 2021, as per requirements of Schedule III of Companies Act, 2013 and related accounting standards, see “*Financial Statements*” on page 199.

### Principal terms of the borrowings availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company and Subsidiary.

- Interest/ Commission:** In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different facilities. The interest rate for the facilities availed by our Company and Subsidiary typically ranges from 0.1% to 11.90% *per annum*. The interest rate on our NCDs is 17.50% per annum, which is payable monthly.

The commission (including confirmation/ discounting charges) for the working capital facilities availed by our Company and Subsidiary is typically based on the applicable rate of commission at the time of issuance of such facility.

- Tenor:** The tenor of the term loan facility availed by our Subsidiary is for ten years. The working capital facilities and forward sales contracts availed by our Company and Subsidiary are typically

available for a period of 12 months, while the tenor for some of their sub-limits could be lesser. The tenor for the NCDs is seven years from the date of first deemed allotment, subject to the terms and conditions mentioned therein.

3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to:
- (a) create charge by way of hypothecation on current assets of our Company, both present and future;
  - (b) create charge by way of hypothecation over moveable fixed assets of our Company, both present and future;
  - (c) create charge by way of mortgage on the immoveable properties of our Company;
  - (d) create exclusive pledge over such equity shares of our Company, comprising at least 26% of the paid-up equity share capital of our Company and on the happening of certain trigger events, create pledge over such equity shares of our Company, comprising additional 25% of the paid-up equity share capital of our Company, on a fully diluted basis in relation to the NCDs;
  - (e) execute corporate guarantee(s) in relation to certain borrowings of our Subsidiary; and
  - (f) furnish general counter guarantee in favour of the lender.

Please note that the abovementioned list is indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us. Additionally, our Company has pledged its holding in the Subsidiary as security for certain borrowings availed by SESL.

4. **Penal Interest:** The terms of certain facilities availed by our Company and Subsidiary prescribe penalties for non payment of interest or repayment instalment, failure to create security within agreed timelines or any other breach of terms and conditions, which are as laid down in such facility documents or as may be stipulated by the concerned lender, as the case may be. The default interest payable on such facilities availed typically ranges from one per cent to two per cent *per annum* on the outstanding loan.
5. **Prepayment:** The terms of certain facilities availed by our Company and Subsidiary typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties and such other conditions as laid down in the facility agreements, on giving notice and/or obtaining prior approval from the concerned lender, as the case may be. Further, the prepayment of the term loan facility availed by our Subsidiary requires prior notice to the lender(s). The prepayment premium for the facilities availed, where specified, typically ranges from 0.5% to two per cent of the outstanding amount or will be at the discretion of such lender. In case of the debentures issued by our Company, there is a lock-in requirement of 18 months from the date of allotment. Interest will have to be paid for the entire 18 month period in case of any prepayment made before expiry of 18 months from the date of allotment.
6. **Repayment:** The working capital facilities are either repayable on demand or on their respective due dates within the maximum tenor. While the term loan is typically repayable in structured instalments, our other financing arrangements are repayable depending on the tenor stipulated in their respective facility agreements. The working capital facilities are revolving in nature and are available for utilization until the availability period mentioned in the sanction letters/ facility agreements.
7. **Restrictive covenants:** Several of our financing arrangements entail various restrictive covenants and conditions restricting certain corporate actions, and we are required to take the lender's prior written consent and/or intimate the respective lender before carrying out such actions, including for:
- (a) effecting any change in our Company's capital structure, or reduction, return, purchase, repay, cancellation or redemption or buy back any of our Company's share capital or issuance of any shares, securities, share equivalents, debentures or convertible instruments;
  - (b) carrying out / entering into any amalgamation, consolidation, demerger, merger, restructuring, reorganization, corporate reconstruction by our Company;
  - (c) amending our Company's Memorandum of Association or Articles of Association, if such amendments adversely affect the interest of the lender;

- (d) transferring or abandoning or agreeing to transfer or abandon any of the business of our Company;
- (e) withdrawing profits or declaring dividend for any year, if any payment default has occurred;
- (f) entering into any borrowing arrangement (secured or unsecured basis) with any other bank/ financial institution;
- (g) permitting any transfer of the controlling interest or making any drastic change in the management set up; and
- (h) investing by way of share capital or lending or advancing funds to or placing deposits with any other concerns except in normal course of our business.

Please note that the abovementioned list is indicative and there may be additional restrictive covenants and conditions where we may be required to take prior written consent or intimate the respective lender under the various borrowing arrangements entered into by us.

**8. *Events of default:*** In terms of borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:

- (a) suspension or ceasing to carry on business or fails to conduct our business to the satisfaction of the lender;
- (b) any change in the constitution of our Company, which in the opinion of the lender would adversely affect their interest;
- (c) failure to pay/repay any monies in respect of the facilities on the due dates, whether at stated maturity, by acceleration or otherwise;
- (d) in case of any attachment or distress or restraint being levied against our assets or any order being passed for recovery of dues and such order is not vacated or discharged;
- (e) failure to create and/or perfect security within such period as contemplated under the respective facility agreements;
- (f) breach of any statement, representation, warranty, covenant or confirmation which cannot be cured within the stipulated time; and
- (g) any other event or material change which may have a material adverse effect on the lenders.

Please note that the abovementioned list is indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us.

**9. *Consequences of occurrence of events of default:*** In terms of our borrowing arrangement for the facilities availed by us, upon the occurrence of events of default, our lenders may:

- (a) declare the facilities, together with accrued interest and other monies, to be immediately due and payable and upon such declaration, the same shall become immediately payable;
- (b) declare that all undisbursed portion of the sanctioned amount shall stand cancelled, whereupon the same shall be cancelled;
- (c) exercise any or all rights and recourses available to the lender including enforcement of security under the respective facility agreement;
- (d) demand to furnish additional cash collateral in respect of all non-fund based facilities that have not devolved;
- (e) demand to furnish unencumbered collateral to the satisfaction of the lender; and
- (f) exercise all other remedies as available under applicable law.

Please note that the abovementioned list is indicative and there may be additional consequences on the occurrence of an event of default under the various borrowing arrangements entered into by us.

For further details of financial and other covenants required to be complied with in relation to our borrowings, see “*Risk Factors – We have incurred significant indebtedness and our lenders have imposed certain restrictive conditions on us under our financing arrangements. This may limit our ability to pursue our business and limit our flexibility in planning for, or reacting to, changes in our business or industry.*” on page 35.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings (ii) actions taken by regulatory or statutory authorities; (iii) outstanding claims related to any direct or indirect taxes in a consolidated manner; (iv) other pending litigation as determined to be material by our Board as per the Materiality Policy, in each case involving our Company, Subsidiary, Promoter or Directors (“**Relevant Parties**”); or (v) litigation involving our Group Companies which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoter in the last five Fiscals including any outstanding action.

For the purposes of (iv) above, in terms of the Materiality Policy adopted by resolution of our Board dated April 15, 2021 and amended by resolution of our Board dated July 16, 2021:

- A. Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) above) involving our Company and our Subsidiary shall be considered “material” for the purposes of disclosure in this Prospectus, if:
- a.) The aggregate monetary claim made by or against the Company and Subsidiary (individually or in aggregate), in any such pending litigation / arbitration proceeding is equal to or in excess of ₹ 381.51 million being 1.0% of the consolidated turnover of our Company, as per the latest fiscal year in the Restated Consolidated Summary Statements; or
  - b.) any such litigation wherein a monetary liability is not quantifiable, or which does not fulfil the threshold as specified in A(a) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company or our Subsidiary.
- B. Any pending litigation / arbitration proceedings (other than litigations mentioned in points (i) to (iii) above) involving the Promoter shall be considered “material” for the purposes of disclosure in this Prospectus, if the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.
- C. Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) above) involving the Directors shall be considered “material” for the purposes of disclosure in this Prospectus, if, the outcome of such litigation could have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of the Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Subsidiary, Promoter, Directors or Group Companies from third parties (other than show cause notices issued by statutory/regulatory authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by our Board, be considered as material litigation until such time that our Company, Subsidiary, Promoter, Directors or Group Companies, as the case may be, are impleaded as a defendant/s in proceedings before any judicial / arbitral forum.

Further, creditors of our Company to whom amount due by our Company is equal to or in excess of ₹ 840.71 million being 5.00% of the trade payables of the Company as at the end of the latest fiscal year included in the Restated Consolidated Summary Statements, would be considered as material creditors

Unless stated to the contrary, the information provided below is as of the date of this Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.

#### **A. Litigation involving our Company**

##### **Actions by statutory or regulatory authorities against our Company**

Show Cause Notices



1. The Joint Director of Industrial Safety & Health, Salem issued a show cause notice dated May 21, 2018 to our Company, under the Factories Act, 1948 and the Tamil Nadu Factories Rules 1950 (Amendment) Act, 1987, alleging irregularities and violation of the Factories Act, 1948 in relation to an accident at one of the plants in the factory premises of our Mettur facility on April 27, 2018, which caused injuries to three workers of our contractors. Our Company has responded to the said notice on June 9, 2018, refuting the allegations and reiterated that our Company had taken adequate care of the injured workers to ensure that the workers are recovered under the best possible care, strengthened the policy on health and safety in all the plants and ensured that better supervision in all the plants would be undertaken.
2. The District Environmental Engineer & AE (“**DEE**”), the Tamil Nadu Pollution Control Board, Nagapattinam issued a show cause notice dated August 9, 2018 to our Company under the Water (Prevention and Control of Pollution) Act, 1974, alleging that our Company’s Vedaranyam unit was in violation of certain conditions of the consent order issued to our Company, such as *inter alia* using of bore water without requisite approval and discharging of liquid effluent from the salt washing plant on land, under the Water (Prevention and Control of Pollution) Act, 1974 for discharge of sewage or trade effluents into any stream, well, sewer or land. Our Company responded to the said notice on August 22, 2018, confirming compliance with all the material conditions mentioned in such notice, and advising on the Company’s ongoing efforts to comply with other terms and conditions set out in the aforesaid consent order.
3. The District Environmental Engineer & AE (“**DEE**”), the Tamil Nadu Pollution Control Board, Nagapattinam issued a show cause notice dated August 9, 2018 to our Company under the Air (Prevention and Control of Pollution) Act, 1981, alleging that our Company’s Vedaranyam unit was in violation of certain conditions of the consent order issued to our Company, such as *inter alia* dumping of solid waste arising from salt washing plant in open area without following scientific method of disposal and hazardous materials being stored in open area without authorisation, under the Air (Prevention and Control of Pollution) Act, 1981 for operating any industrial plant in an air pollution control area. Our Company responded to the said notice on August 22, 2018, confirming compliance with all the material conditions mentioned in such notice, and advising on the Company’s ongoing efforts to comply with other terms and conditions set out in the aforesaid consent order.
4. The Deputy Director, Town Panchayat, Thanjavur (“**Deputy Director**”) issued a letter dated August 16, 2018 to our Company under the Town Panchayat Act, 1971 (“**Town Panchayat Act**”) alleging that our Company had constructed certain structures at our Vedaranyam plant without prior permission. Our Company was directed to disclose any approved drawing or prior permission that we may have obtained for the said construction activity and in case of failure of which; we would have to vacate the premises. The Deputy Director would also be entitled to execute its legal right to lock the premises, confiscate construction materials and initiate further legal proceedings, as it may deem fit. Our Company in its response *vide* letter dated October 16, 2018, has clarified that the requirement for seeking prior permission to develop land in an area other than planning area was introduced by way of an amendment that became effective from January 1, 2011. The Company further contended that the requirement of obtaining prior permission from Directorate of Town and Country Planning can only be made prospectively applicable and, accordingly, such prior permission was not required to be taken as the Company had commenced its operations before the requirement of receiving a prior permission came into effect from January 1, 2011.
5. The District Environmental Engineer of the Tamil Nadu Pollution Control Board, Salem (“**TNPCB, Salem**”) issued a show cause notice dated February 23, 2018 to our Company under the Air (Prevention and Control of Pollution) Act, 1981, alleging that our Company was in contravention of certain conditions of the consent order issued to our Company under the Air (Prevention and Control of Pollution) Act, 1981 for operating our coal yard, at Mettur, in an air pollution control area wherein emission levels exceeded the permissible levels. Our Company responded to the said notice on March 2, 2018 clarifying, among other things, that the severity of emissions was due to heavy traffic or repairing of nearby roads. Further, our Company confirmed that it has been continuously monitoring the emissions values and undertaken various mitigation measures to curtail the dust emissions from our coal yard facility. Our Company has further requested the TNPCB, Salem to drop further proceedings and to carry out the Ambient Air Quality survey once again.
6. The Joint Director of Industrial Safety and Health, Hosur (“**JDISH**”) issued a show cause notice dated November 15, 2018 to Sanmar Speciality Chemicals Limited (now merged with our Company), under the Factories Act, 1948 and the Tamil Nadu Factories Rules, 1950, alleging certain violations under the

Factories Act, 1948 that resulted in an injury to a worker engaged by a contractor on August 24, 2018, while loading of materials. Our Company responded to the said notice on December 22, 2018, denying all allegations and apprising of practices that were undertaken for ensuring safety at the Berigai plant. Further, our Company confirmed that corrective actions had been undertaken including establishing of standard operating procedures, training of employees, periodic inspection of equipment and testing of safety instruments. JDISH initiated criminal proceedings before the Chief Judicial Magistrate at Krishnagiri against the occupier and manager of the factory of our Company. Subsequently, our Company had paid a fine of ₹ 0.08 million before the Chief Judicial Magistrate.

7. The Inspector of Factories, Karaikal issued a show cause notice dated April 21, 2020 to our Company, under the Factories Act, 1948, the Puducherry Factories Rules, 1964 and the Contract Labour (Regulation and Abolition) Act, 1970, alleging irregularities observed during an investigation conducted of an accident at our factory at Karaikal. Our Company responded to the said notice on April 25, 2020, refuting the allegation and, confirming that it has undertaken sufficient action, ensured safety standards and adherence to statutory requirements. Further, our Company had requested to not initiate further proceedings and the show cause notice to be withdrawn.
8. The Tamil Nadu Pollution Control Board, Salem (“**TNPCB, Salem**”) issued its consent to establishment dated January 28, 2019 (valid up to March 31, 2020) to our Company for the installation of plant to manufacture hydrogen peroxide at our Mettur facility, provided, *inter alia*, the unit operate and maintain air pollution control measures to achieve prescribed standards and not be a cause for any complaint. However, complaints were received from the public against our unit and the inconvenience caused due to alleged air pollution. Consequently, our unit was inspected and on the recommendation that our unit should carry out corrective action on account of such public apprehension, the TNPCB, Salem issued certain directions to our Company dated February 17, 2020. Our Company responded to said directions vide its letters dated March 6, 2020 and May 5, 2020 apprising the TNPCB, Salem with the status of its compliances and the actions undertaken. Subsequently, the TNPCB, Salem issued a show cause notice dated May 14, 2020 to our Company, under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, for failure to comply with certain conditions for using Ethyle Anthra Quinine as solvent in manufacturing of hydrogen peroxide and non-implementation of emission control measures. Our Company submitted its detailed response vide its letter dated May 26, 2020, wherein, among other things, it confirmed that it has historically maintained high environmental standards by adopting cutting edge technologies in all its operations. Further, our Company clarified that its unit was manufacturing a well known disinfectant widely used against Covid-19 spread and had recently started its operations after the 45 days lock-out declared by the Government of India. While our Company requested time to comply with certain directions due to the impact of the pandemic and the time required for their implementation, it also provided an updated status of compliances on remaining directions. It requested the TNPCB, Salem to not initiate further proceedings and provide an opportunity for personal hearing.
9. The Wildlife Warden, Wildlife Division, Tamil Nadu Forest Department, Nagapattinam, (“**Forest Department**”) issued a letter dated May 11, 2018 to our Company, under the Tamil Nadu Forest Act, 1882 and the Wildlife (Protection) Act, 1972, alleging that our Company was illegally using an unsanctioned road passing through the reserved forest in the Point Calimere Wildlife Sanctuary at Vedaranyam (“**Reserved Forest**”) to ply vehicles without authorisation. The Forest Department further directed our Company to immediately stop plying our vehicles through Reserved Forest and use other alternate roads outside the Reserved Forest. Our Company submitted its response by way of multiple letters, including letters dated February 19, 2019 and September 23, 2019, stating, among other things, that the said portion of land is the only way for our Company to access swamp lands, which has been in use for over a period of five decades and in the event access is denied through the forest land Company’s operation at Vedaranyam will come to standstill. Further, our Company also conveyed that it had applied for formation of a new approach road on additional land and is awaiting recommendation from the Sub Collector, Nagapattinam for leasing such land from the State Government. Our Company has not received any communications from the authorities since then.
10. Our Company received a letter from RoC Chennai dated June 18, 2021, enclosing a copy of the complaint dated February 13, 2021 filed by one S Sathyamurthy a resident of Mettur, with MCA Delhi (“**Complaint**”), alleging that our Company has not fulfilled its CSR obligations in the financial year 2019-20 particularly with reference to the local community near its plant in Mettur, Salem District despite of CSR provisions being applicable to the Company based on the profitability/ accounts for the accounting year 2020. Our Company filed its reply on July 6, 2021 refuting the allegations made in the said complaint explaining that our Company has complied with the applicable provisions and that our Company has been

undertaking CSR activities for the benefit of the public in and around our Mettur Plants in the field of health service, drinking water supply and education for several years even before the CSR obligations were mandated under the provisions of Companies Act, 2013. We have prayed for the dismissal of the complaint.

*Other pending actions by regulatory and statutory authorities against our Company*

1. Our Company had entered into agreements with the State of Tamil Nadu for drawing of water on payment of certain water charges. Subsequently, dispute arose, *amongst other issues*, on the issue of payment of water charges. While the State of Tamil Nadu contended that payment should be made on the basis of contractual quantity irrespective of the actual quantity consumed, our Company's contention was that the water charges can be collected only on actual usage of water and not on contracted quantity. Additionally, there was also dispute with the State of Tamil Nadu in relation to the increase in water charges from ₹ 60/1000 cubic meter to ₹ 500/1000 cubic meter pursuant to a government order dated May 9, 1991. Consequently, our Company filed Writ Petition No.4104 of 2002 before the Madras High Court, which was dismissed vide its order dated February 28, 2006. Thereafter, our Company filed an appeal, Writ Appeal No.516 of 2006, before the division bench of the Madras High Court challenging the aforesaid order dismissing the writ petition. The appeal is currently pending. While the disposal of the appeal is pending, our Company without prejudice to its rights and contentions, has paid ₹ 23.18 million and has been paying water charges to the Public Works Department as per demand raised by the said department.
2. During the pendency of the above mentioned Writ Appeal No.516 of 2006, the Public Works Department ("PWD") on December 2, 2010, raised a demand on our Company for a sum of ₹ 19.42 million, in respect of our plant at Krishnagiri, towards water charges and penal interest for the period from 1977-78 to September 30, 2010. In view of the fresh demand raised by the PWD, our Company filed a Writ Petition No. 2387 of 2011 before the Madras High Court challenging such demand. The PWD in its counter affidavit while justifying its reason behind raising the demand stated that the dues payable by our Company as on August 31, 2006 were ₹ 30.66 million. The Madras High Court vide its order dated February 02, 2011 has granted an interim stay on the demand raised by the PWD and vide order dated November 26, 2018 tagged this writ with Writ Appeal No. 516 of 2006.
3. The Executive Engineer, Public Works Department, State of Tamil Nadu issued a letter dated September 29, 2010 in relation to Plant I and III at our Mettur facility, demanding payment of ₹ 29.25 million as penal interest on outstanding water charges. Our Company has challenged such demand vide Writ Petition 28207/2010 before the Madras High Court, which has admitted the writ petition and granted an interim stay against the PWD's demand. This writ petition has been tagged along with Writ Appeal 516/2006 and is currently pending adjudication.
4. The Executive Engineer, Public Works Department, State of Tamil Nadu issued a letter dated September 29, 2010 in relation to Plant II at our Mettur facility, demanding payment of ₹ 18.36 million as penal interest on outstanding water charges. Our Company has challenged such demand vide Writ Petition 28208/2010 before the Madras High Court, which has admitted the writ petition and granted an interim stay against the PWD's demand. This writ petition has been tagged along with Writ Appeal 516/2006 and is currently pending adjudication.
5. The Superintending Engineer, Mettur Electricity Distribution Circle, Tamil Nadu Generation and Distribution Corporation Limited ("TANGEDCO") has issued directions to our Company for payment of ₹ 11.62 million towards alleged withdrawal of excess energy over and above the permitted quota. Our Company had filed a response dated January 8, 2011, clarifying the factual position and demonstrating how the demand made on the basis of auditor objections was erroneous. Pursuant to a subsequent order dated November 29, 2012, the Superintending Engineer, TANGEDCO directed immediate payment of the entire amount failing which power supply would be disconnected. These orders have been challenged by our Company by way of Writ Petition No. 32152 of 2012 before the Madras High Court, which passed an order granting interim stay subject to our Company depositing 50% of the demanded amount with TANGEDCO within two weeks from the date of receipt of the order. Our Company complied with the order and remitted 50% of the demanded amount. Subsequently a counter affidavit was filed by TANGEDCO before the Madras High Court seeking to vacate the interim injunction and dismiss the main writ petition and consequently direct our Company to remit the balance 50% the demanded amount. The matter is currently pending adjudication.
6. Our Company had challenged certain amendments made to the Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003, in relation to levy of tax on captive generation and consumption of electricity, by way

of Writ Petition No. 36311 of 2007 in the Madras High Court. The Court dismissed the writ petition vide its order dated June 15, 2012 and as a consequence our Company has preferred an appeal, SLP (C) No. 24993 of 2012, before the Supreme Court of India. This matter is currently pending adjudication.

7. The Electrical Inspector, Tamil Nadu Electricity Board, Salem (“**EI**”) issued a demand letter dated March 11, 2013 against our Company for payment of ₹ 228.3 million, being arrears of the electricity tax allegedly payable by our Company for the period 2003-2013, including a penal interest of ₹ 81.7 million. Our Company replied to this demand vide its letter dated April 19, 2013, amongst other things, contending that the claim is barred by limitation. The EI replied vide his letter dated June 17, 2013 and reiterated his demand following which the demand was challenged by our Company before the State Government under section 10 of the Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003. However, the State Government remanded the case back to the EI without following the fundamental principles of natural justice. As a consequence, our Company has filed Writ Petition 8531 of 2017, before the Madras High Court, seeking quashing of the orders passed by the State Government. This matter is currently pending adjudication.
8. Our Company has filed Writ Petition 5012 of 2013 before the Madras High Court, seeking to, *inter alia*, quash certain amendments dated July 29, 2011 made to the Tamil Nadu Electricity Regulatory Commission (“**TNERC**”) (Renewable Energy Purchase Obligation) Regulations, 2010 (“**RPO Amendment Regulations**”), on the grounds, *among others*, of being unconstitutional and ultra vires the provisions of the Electricity Act, 2003. Further, our Company has also requested the Madras High Court to grant an interim injunction restraining the TNERC from enforcing Tamil Nadu Electricity Regulatory Commission (Renewable Energy Purchase Obligation) Regulations, 2010 to the extent it relates to levy and imposition of any penalties or payments. The Court vide its order dated April 29, 2013 has granted an interim injunction. This writ petition is currently pending adjudication.
9. Our Company has filed Writ Petition No. 29545 of 2013 before the Madras High Court, seeking quashing of order of the Government of Tamil Nadu dated October 19, 2012 in so far as it concerns the imposition of mandatory Solar Purchase Obligation and the consequential suo-motto Order No. 1 of 2013 dated March 07, 2013 titled “Issues relating to Tamil Nadu Energy Policy 2012 issued by TANGEDCO. Our Company has challenged these orders on the grounds of being unconstitutional and ultra vires the provisions of the Electricity Act, 2003 and has requested the Court to grant an order of interim stay of the abovementioned orders. This writ petition is currently pending adjudication.
10. Our Company received a show cause notice dated September 30, 2016 from TANGEDCO demanding payment of ₹ 0.51 million as the total arrears of scheduling and system operation charges (“**SOS Charges**”) for the period from April 1, 2016 to September 1, 2016, calculated at the rate of ₹ 800 per day which was increased from ₹ 300 per day per wind mill service, under the comprehensive tariff order issued by Tamil Nadu Electricity Regulatory Commission (“**TNERC**”) vide its Wind Energy Order No. 3 of 2016 dated March 31, 2016 (“**Revised Tariff Order**”) and implemented by TANGEDCO vide its memo dated August 18, 2016. TANGEDCO issued another letter to our Company dated October 20, 2016 demanding payment. Our Company responded to the said notice on October 21, 2016 requesting withdrawal of such demand and clarifying that a review petition had been filed by Indian Wind Power Association, a third party, that was pending before the Madras High Court challenging the said memo wherein the Court had granted interim stay directing the petitioner to pay SOS Charges at ₹ 300 per day pending disposal of such case. Pursuant to this interim order TANGEDCO issued a memo dated October 26, 2016 clarifying that the order of the Madras High Court would be applicable only to members of Indian Wind Power Association. Our Company has challenged the said notice by way of Writ Petition 38478/2016 before the Madras High Court praying for, amongst other things, granting of interim order of stay of the working instructions of the Revised Tariff Order and granting an interim stay of all further proceedings consequent upon the impugned show cause notice dated September 30, 2016. This writ petition is currently pending for adjudication.
11. Our Company received a letter dated May 17, 2014 from the Superintending Engineer, TANGEDCO informing us that as per Clause 6.8(i)(c) of the Tamil Nadu Electricity Regulatory Commission’s tariff order dated June 20, 2014, the high tension tariff-V is applicable to start up power provided to generators and in terms of the said order, our Company’s service will be billed at High Tension Temporary Supply Tariff with effect from June 21, 2013. Subsequently, a demand notice dated May 19, 2014 was sent to our Company demanding ₹ 35.15 million as supplementary bill on demand and energy charges for the period June 21, 2013 to April 2014. Our Company has challenged the above communication and the demand notice vide Writ Petition No. 14037 of 2014, before the Madras High Court. The Court vide its order dated May 29, 2014 granted an interim stay on the demand amount subject to our Company depositing 25% of the

demand amount within a period of two weeks from the date of receipt of a copy of the order. Our Company has complied with the order of the Court. This matter is current pending adjudication.

12. Our Company and Tata Power Trading Company Limited (“**Tata Power**”) had entered into an agreement dated March 30, 2010 for supply of 6 MW power to TANGEDCO. The power was injected into the TANGEDCO grid by our Company through Tata Power. The Electrical Inspector, TNERC, Salem (“**Electrical Inspector**”) vide its letter dated March 05, 2014 (“**Demand Notice**”) raised a demand of ₹ 21.40 million as Tax on the grounds that our Company had sold 107,022,114 units of electricity to Power Trading Corporation of India Limited (“**Power Trading**”), which was later clarified to be read as Tata Power, for the period April 2010 to June 2011. Our Company and Tata Power had entered into an agreement dated March 30, 2010 for supply of 6 MW power. The power was injected into the TANGEDCO grid by our Company through Tata Power. The ultimate user was TANGEDCO and the sale was not to any private party. The Electrical Inspector, Tamil Nadu Electricity Board, Salem vide its letter dated March 05, 2014 raised a demand of ₹ 21.40 million as Tax and ₹ 6.15 million as penalty on the grounds that our Company had sold 10,70,22,114 units of electricity to Power Trading Corporation of India Limited (“**Power Trading**”) for the period April 2010 to June 2011. Pursuant to a letter dated April 25, 2014, our Company responded to the Demand Notice by denying its liability to pay electricity tax and requested the Electrical Inspector to withdraw the demand under Demand Notice. However, the Electrical Inspector rejected our submissions pursuant to letter dated May 19, 2014 (“**Order I**”) and directed our Company to file an appeal. Being aggrieved against the Order, an appeal was filed by our Company before State of Tamil Nadu under Section 10 of the Tamil Nadu Tax on Consumption or Sale of the Electricity Act, 2003 which was set aside vide order dated August 10, 2015 (“**Order II**”) as devoid of merits and the Electrical Inspector was free to collect electricity tax as per Demand Notice and penalty. As a consequence, our Company has filed Writ Petition 28528 of 2015, before the Madras High Court seeking quashing of the order passed by the State of Tamil Nadu. This matter is currently pending adjudication.
13. Our Company operates two captive generating power plants with a total capacity of 48.5 MW at our Mettur facility and has approval from TANGEDCO to export 2.461 MW of the power generated from the plant to its captive users through TANGEDCO’s grid under open access facility. The TNERC issued an order dated August 11, 2017 (“**Tariff Order**”) for determination of tariff for generation and distribution, passed in T.P. 1 of 2017 for fixation of parallel operation charges, wherein it was stated that parallel operation charges shall be collected only from the captive generators on the capacity being utilized for self-consumption. Subsequently, TANGEDCO issued a show-cause notice dated September 27, 2017 to our Company demanding payment towards parallel operation charges for the period from August 11, 2017 to August 26, 2017. This charge has been determined by TNERC at the rate of ₹ 30,000 per MW per month. Our Company accordingly paid the parallel operation charges of ₹ 3.36 million and the amount demanded towards the said charges for the month of November 2017 i.e. ₹ 1.20 million under protest. Our Company has filed an appeal, Appeal No. 100 of 2018, before Appellate Tribunal for Electricity at New Delhi (“**APTEL**”) challenging the imposition of and manner of calculating the parallel operation charges on open access consumers such as our Company by the TNERC in its Tariff Order, on the grounds that it is in violation of Regulation 26 of the TNERC Grid Connectivity and Intra-State Open Access Regulations, 2014 and circulars issued by TANGEDCO which clarifies that such ‘parallel operation charges’ is only applicable to particular category of generators, i.e., generators availing only parallel operation with the grid without availing open access. The appeal was admitted on April 26, 2018 by APTEL. TNERC and TANGEDCO have filed a common counter to the appeal and our Company has filed a rejoinder to the same. This matter is currently pending.
14. The TNERC passed an order dated January 04, 2019 wherein, *among other things*, it held that merely because captive generating plant is connected to the grid of TANGEDCO such plant shall automatically be liable to pay Parallel Operation Charges (“**PoC**”). As a consequence of this order of the TNERC, our Company received a demand notice dated May 2, 2016 (“**Demand Notice**”) from TANGEDCO seeking payment of PoC of ₹ 41.65 million for the period from May 7, 2014 to August 10, 2017. Aggrieved by the demand notice, our Company has filed an appeal, Appeal No. 164 of 2019, before APTEL challenging the order of the State Commission and praying for the direction that PoC is not leviable by TANGEDCO on our Company. APTEL has vide its order dated September 2, 2019 stayed the demand raised and directed TANGEDCO to not precipitate the demand under challenge until the next date of hearing on October 1, 2019 for further orders. TANGEDCO has filed a counter to the appeal and our Company has filed a rejoinder to the same. The matter is currently pending..
15. The Company has entered into a power purchase agreement and a wheeling agreement with TANGEDCO for supply of power from TANGEDCO’s power plant. TANGEDCO withdrew deemed demand benefit in

respect of third party purchases and called upon our Company to pay ₹ 8.08 million. This demand was raised towards recovery of deemed demand charges in respect of HT Service Connection No.23 at our Company's Mettur plant for the period from September 2012 to March, 2013. Our Company filed Writ Petition challenging the withdrawal of the deemed demand benefit on the ground that the circular withdrawing the benefit was illegal and against the orders passed by the TNERC, and also challenged the demand of ₹ 8.08 million made by TANGEDCO. The Madras High Court passed an order dated November 19, 2018, restraining TANGEDCO from recovering the said amount until the disposal of the writ petition subject to the condition that our Company paid 50% of the amount claimed, which our Company complied with and in respect of future period, the Court granted interim order directing TANGEDCO to extend the benefit of deemed demand until disposal of the WPs. The writs filed by various parties challenging the withdrawal of deemed demand benefit by TANGEDCO came up before Madras High Court on September 14, 2018 wherein the court held that the said benefit cannot be withdrawn by way of a TANGEDCO circular. TANGEDCO filed an appeal before the Division Bench of the Madras High Court against the said order of the single judge, which after hearing the parties passed an order dated November 19, 2018 granting interim stay against the single judge's order. The matter is currently pending.

16. Our Company has filed a writ petition bearing reference no. 26950/ 2013 before the Kerala High Court at Ernakulam (“**Court**”) challenging decision of the Excise Department of the State of Kerala for considering the methanol as alcohol under the Abkari Act and imposition of license fee at the rate of ₹ 5,000 per truck-load for five trucks which were transporting methanol from the Cochin Port to our manufacturing unit in Mettur. Our Company had to obtain a transit permit by making payment of license fee of ₹ 0.15 million in protest. Our Company has filed the said writ petition, amongst others, seeking (a) refund of ₹ 0.15 million deposited with the Excise Department under protest and (b) declaration that the State of Kerala and the Excise Department of Kerala has no jurisdiction to impose permit fee on the transit of methanol through the State of Kerala. The Court vide order dated November 8, 2013 has issued an interim direction to State of Kerala and others to not detain the transportation of methanol belonging to our Company and demand permit fees under Abkari Act or rules thereunder. This matter is currently pending adjudication.
17. Our Company had entered into an agreement with V.O. Chidambaranar Port Trust on August 9, 1987 in terms of which 12,783.40 sq. mtrs. of port trust land was leased out to our Company for 30 years from June 1, 1984 on a yearly rent of ₹ 54,457.30 with annual increase of 2%. The Tariff Authority for Major Ports, vide its Tariff order No. TAMP / 6 / 2012-VOCT dated April 04, 2014 published vide notification dated May 19, 2014, retrospectively increased the yearly lease rent from July 1, 2007 to June 30, 2012. Our Company has filed Writ Petition No. 20020/2014, before the Madras High Court, Madurai Bench, challenging the retrospective increase in the lease rent. Our Company has terminated the lease with effect from October 15, 2013 and has also paid lease rent at the increased rate for the period June 1, 2012 to January 15, 2014 under protest. The Court vide its order dated July25, 2014 has granted an interim stay with regard to the retrospective revision of scale of rates alone for the period till June 30, 2012. This matter is currently pending adjudication.
18. The Provident Fund Enforcement Officer (“**EO**”) carried out an inspection on October 14, 2014 and submitted an inspection report alleging that our Company had committed ‘subterfuge wages’ in respect of its regular employees for the period from March 2012 to September 2014 and in respect of its trainees from January 2013 to September 2014. In response to the said report, our Company had given a detailed reply vide its letter dated November 11, 2014 wherein among other things our Company requested for details from the EO to understand as to how the amount as claimed is payable or the reason for alleging that our company has committed subterfuge wages. While our Company did not receive any response, it received summons dated March 19, 2015 under the Employee’s Provident Fund and Miscellaneous Provisions Act, 1952 to personally appear before them. Our Company has challenged the said summons *vide* Writ Petition 9402/ 2015 before the Madras High Court amongst others on the grounds that the action of the provident fund authorities is in violation of the provisions of the Employee’s Provident Fund and Miscellaneous Provisions Act, 1952. The Court has granted an interim injunction. The matter is currently pending adjudication.
19. Our Company has filed an appeal, EPFA No. 14/ 2019, under Section 7-A of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 (“**PF Act**”) before the Central Government Industrial Tribunal-cum-Labour Court, Chennai, (“**Tribunal**”) against the order dated December 20, 2018 passed by Regional Provident Commissioner (“**RPC**”), by which the RPC has concluded that apprentices engaged in Plant II at Mettur Dam comes within the definition of ‘employees’ as per the PF Act and directed our Company to pay ₹ 10.01 million being contributions and administrative charges under the schemes of the PF Act. The Tribunal has vide its order dated March 15, 2019 admitted the appeal and directed the RPC to

not take any coercive steps pending final hearing against our Company until June 20, 2019. In the same order, the Tribunal has admitted the appeal subject to our Company depositing 40% of the amount assessed by the RPC, which was duly complied by the Company. The matter is currently pending adjudication.

20. The Enforcement Officers of the Employees Provident Fund Organization, Chennai (“**EO**”) carried out an inspection on December 21, 2015 on the premises of Sanmar Speciality Chemicals Limited, Berigai (now merged with our Company) and submitted an inspection report dated January 4, 2016 claiming that our Company was required to pay contributions to apprentices for not only on basic pay but also on various allowances that was being paid to the employees. It was alleged that our Company had not paid provident fund on omitted wages for the period from April 2013 to November 2015. In response to the said report, our Company, vide its letter dated January 8, 2016, requested details as to how the EO had come to the conclusion that the amount claimed was payable and that our Company had failed to remit contribution to the omitted wages. Our Company also clarified that it has been in full compliance with the provisions of the Employee’s Provident Fund and Miscellaneous Provisions Act, 1952 (“**EPF Act**”). While our Company did not receive any response, it received summons dated June 9, 2016 under Section 7A of the EPF Act to personally appear for a hearing on July 5, 2016. Our Company has challenged the said summons by way of Writ Petition 22902 of 2016 before the Madras High Court praying for a direction to forbear the EO from continuing with the proceedings against our Company under Section 7A of the EPF Act. Pursuant to an order dated July 4, 2016, the Court has granted an interim injunction restraining the EO. The matter is currently pending adjudication.
21. A civil suit, OS No. 826 of 1995, has been filed by the Executive Officer of Sri. Sellandiamman Temple (“**Plaintiff**”), which is under the control of H.R. & C.E. Administration department, before District Munsiff Court Palladam against 19 defendants, which includes our Company, seeking, among other things, declaration from the Court that the Plaintiff is the absolute owner of the said property admeasuring 14.62 acres located in Palladam, Coimbatore. The Plaintiff has alleged that the said land belongs to the temple and the defendant no. 1-18, who are the priests of this temple, have clandestinely transferred this land to our Company. Our Company has filed its written statement dated December 16, 1996, and contended that the said land was purchased by the Company from lawful owners for a valuable consideration of ₹ 0.79 million. This matter is currently pending.
22. Our Company entered into a lease deed dated August 9, 1987 with V.O. Chidambaranar Port Trust (“**TPT**”) in terms of which 12,783.40 sq.mtrs of land was leased out to our Company for a period of 30 years from June 1, 1984 for setting up our EDC storage tank. Thereafter, TPT issued a letter dated July 17, 2013 to our Company demanding payment of ₹ 16.48 million in relation to minimum guarantee tonnage fee. Our Company responded on August 12, 2013 denying any liability to make such payments and terminated the aforementioned lease deed vide its letter dated October 15, 2013. TPT refused to accept the termination or dismantling of any infrastructure that our Company had requested and sent multiple notices to our Company including a letter dated May 17, 2014 for payment of ₹ 17.37 million. Our Company denied liability pursuant to a letter dated June 12, 2014. Subsequently, TPT filed an application before the Madurai Bench of Madras High Court which issued an interim order dated September 11, 2014 directing our Company to deposit a sum of ₹ 17.32 million in an escrow account. Our company complied with the same on March 18, 2015. The matter was finally referred for arbitration and an award dated April 10, 2017 was passed directing (a) TPT to pay a sum of ₹ 17.37 million together with interest at the rate of 15% p.a. from January 15, 2014 till the date of filing the claim petition; and (b) our Company to pay dues on the minimum guaranteed tonnage claim for the period from April 1, 2010 to January 15, 2014 together with interest at 15% p.a. Aggrieved by the arbitration award, TPT filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 challenging the award before the District Court Tuticorin. The matter is currently pending.

#### ***Other pending material litigation involving our Company***

##### *Civil proceedings against our Company*

K. Gemini, Mettur, (“**Applicant**”) filed an original application no. 16 of 2019, against, amongst others, our Company, Ministry of Environment, Forests and Climate Change (“**MOEF**”) and Tamil Nadu Pollution Control Board (“**TNPCB**”), before the National Green Tribunal, Principal bench, Chennai, (“**NGT**”), (“**Application**”) alleging that our Company’s plants at Mettur, *amongst other things*, are discharging poisonous effluents into the down- stream river and is in the process of constructing and establishing another unit, i.e. Unit IV for production of hydrogen peroxide (H<sub>2</sub>O<sub>2</sub>) (“**Unit IV**”), without obtaining any prior environmental clearance. The

application, *amongst other things*, seeks to stop all further work and dismantling the new unit being constructed by our Company. Our Company filed its reply refuting the allegations made in the said application and praying for dismissal of the same.

The NGT in September 2019 constituted a joint committee comprising of pollution control officials from Central Pollution Control Board (“**CPCB**”), TNPCB, State Environment Impact Authority among others, to examine the allegations made by the Applicant and submit a report to the NGT. The TNPCB inspected our Unit-IV on January 22, 2020 and directed our Company by way of a letter dated February 17, 2020, among other things, to implement certain additional measures and restrict its production with less than 50% of the consented capacity of Unit IV until such additional measures are implemented.

The said committee which examined the allegations made by the Applicant, had in its first report filed with NGT in November 2019 (“**First Report**”), observed that (a) the allegations made by the Applicant have been found to be untrue and not based on facts and it has reported that all these allegations are baseless and (b) the said project for manufacture of H<sub>2</sub>O<sub>2</sub> does not attract the provisions for obtaining Environmental Clearance. The First Report, also made some observations and recommendations for improvement, based on field study. To further examine these observations, the NGT appointed a second committee comprising of among others, members from IIT Madras and CPCB.

The second committee submitted their report to NGT in May 2020 (“**Second Report**”) recommending certain measures to be initiated by our Company. This Committee, in their report, amongst other things, found that the ground water within the plant premises met the required standards and there were no anomalies. However, they made a few recommendations for further improvement. Pursuant to an order dated October 6, 2020 (“**Order**”) passed by the NGT, the reply and objections filed by the Company were taken on record. The Order directed the joint committee to seek assistance of National Geophysical Research Institute (“**NGRI**”), to conduct the study as observed in the recommendations of the Second Report and thereafter file a further report regarding the same to NGT. The Order also directed MoEF to submit their response as to whether the Unit IV as mentioned in the Application requires prior environmental clearance. Pursuant to an affidavit dated December 18, 2020 MOEF submitted that the manufacturing/production of H<sub>2</sub>O<sub>2</sub> which is an inorganic chemical does not fall under the purview of EIA Notification, 2006 and hence no environmental clearance is required for manufacturing/production of H<sub>2</sub>O<sub>2</sub>. Further the joint committee appointed filed its further report before the NGT. Our Company filed a memo along with a death certificate of the applicant stating that the sole applicant died on April 23, 2021. The NGT pursuant to the order dated May 31, 2021, took note of the same and directed the Applicant’s counsel to either of the applicant or substitute with any other person interested in proceeding with the matter. The Committee did not file the report and therefore further time was granted to the Committee to file the same at the next hearing on July 16, 2021. On July 16, 2021, NGT adjourned the case to August 27, 2021. The matter is currently pending.

*Civil proceedings by our Company*

Nil

## **B. Litigation involving our Subsidiary**

*Outstanding criminal litigation involving our Subsidiary*

Nil

*Actions by statutory or regulatory authorities against our Subsidiary*

1. G. Natarajan, a former contract employee of CCVL who was engaged by one of the security service contractors (“**Applicant**”), has alleged that he was not paid over-time wages for his services. Based on the Applicant’s complaint, Joint Director, Industrial Safety and Health, conducted an inspection of CCVL’s factory on December 24, 2020 and came to the conclusion that over time wages were indeed not paid to the Applicant. The Joint Director requested the Joint Commissioner of Labour – II, Chennai to pass an order under Rule 20(3) of the Minimum Wages Act, 1948 directing CCVL to pay an amount of ₹ 1.89 million to the Applicant. In addition to the above, the Director of Industrial Safety and Health, Cuddalore issued a show cause notice dated December 28, 2020 (“**SCN**”) to CCVL asking us reasons for not cancelling registration certificate under the Contract Labour Act, 1970 and the Tamil Nadu Contract Workers Rules 1975. Our Subsidiary replied to the SCN on January 25, 2021 denying all the allegations made in the SCN



and requesting the Director of Industrial Safety and Health, Cuddalore not to entertain the complaint from Natarajan and thereby close the matter and drop all further proceedings. The matter is currently pending.

2. In July 2017, our Subsidiary (erstwhile an undertaking of our Company which was later merged with our Subsidiary received an audit slip from TANGEDCO in respect of HT service connection at Cuddalore, demanding payment of ₹ 8.69 million being the amount said to have been wrongly claimed by our Subsidiary towards deemed demand benefit for April 2012 to June 2013 (“**Order**”). Our Subsidiary filed a writ petition before the Madras High Court letter dated July 29, 2013 and memo dated September 14, 2015 issued by Chief Financial Controller, TANGEDCO alleging an illegal withdrawal of ‘deemed demand benefit’ unilaterally and consequentially raising of a payment demand by the Superintending Engineer, TANGEDCO. The Madras High Court decided to stay the Order until the disposal of the writ petition. The matter is currently pending.
3. Based on a complaint filed by one Mr. Muruganandam, who had been engaged by CCVL’s security agency, Security and Intelligence Services (India) Limited at Cuddalore PVC plant, the Jt. Director of Industrial Safety and Health (“**J-DISH**”), Govt. of Tamil Nadu conducted an inspection of records and registers related to SIS personnel deployed at the plant on April 27, 2017. Following the inspection, on May 10, 2017 the Director, J-DISH issued a show cause notice (“**SCN**”) alleging certain violations pertaining to the compliance of the provisions of the Factories Act, 1948 and the rules thereunder which concerned with hours of work, weekly off days, payment of overtime wages, etc. for the months of February and March 2017. The Company replied to the SCN refuting the charges vide its letter dated June 22, 2017. J- DISH filed a claim petition under the Factories before the Deputy Commissioner of Labour camp at Cuddalore alleging that the contractor and the Company has violated the relevant provisions under the Minimum Wages Act, 1948 and the claimed a sum of ₹ 0.48 million towards overtime wages and payment of penalty of ₹4.8 million. The matter is currently pending.

***Other pending material litigation involving our Subsidiary***

Nil

**C. Litigation involving our Promoter**

***Outstanding criminal litigation involving our Promoter***

Nil

***Actions by statutory or regulatory authorities against our Promoter***

Nil

***Other pending material litigation involving our Promoter***

Nil

***Disciplinary action taken against our Promoter in the five Fiscals preceding the date of this Prospectus by SEBI or any stock exchange***

Nil

**D. Litigation involving our Directors**

***Outstanding criminal litigation involving our Directors***

1. V. Aishwarya Lakshmi one of the partners of M/s V. N. Ayyadurai, a partnership firm, one of our Company’s erstwhile dealers, filed a first information report (“**F.I.R.**”) dated April 18, 2018 against Vijay Sankar, two ex-Directors of our Company and one other person (collectively, the “**Petitioners**”) alleging offences under sections 120(B), 409, 420 and 506(1) of the Indian Penal Code, 1860. It was alleged in the F.I.R. that the Petitioners had induced V. N. Ayyadurai, one of the partners of M/s V. N. Ayyadurai, to purchase certain number of shares of our Company and that the consideration for such shares having been paid from the partnership firm, the partnership firm allegedly did not receive the payment for the shares surrendered by V. N. Ayyadurai at the time of delisting. Consequent on the F.I.R. being lodged, the Petitioners filed criminal original petition no. 12719 of 2018 before the Madras High

Court seeking quashing of the F.I.R. The Court vide its order dated April 28, 2018 has granted interim stay on all further proceedings pending disposal of the main quashing petition.

- A criminal complaint was filed by Gold Circle Partner's ("GCP") owner Sanjay Langal against Thomas Cook (India) Limited ("TCIL"), Chandran Ratnaswami, in his capacity as a director of TCIL, and other directors and officials before the Metropolitan Magistrate Court, Kolkata, alleging that certain monetary benefits were deprived to Mr. Langal under an agreement with GCP. TCIL has denied the allegations and have filed a criminal revision petition before the City Sessions Court, Calcutta ("Court") seeking amongst other things, discharge of TCIL and its directors from the proceedings and in the interim grant a stay on further proceedings. The Court has granted a stay on further proceedings in the said complaint. The matter is currently pending.

**Actions by statutory or regulatory authorities against our Directors**

Nil

**Other pending material litigation involving our Directors**

Nil

**E. Tax proceedings against our Company, Subsidiary, Promoter and Directors**

Set out herein below are details of claims relating to direct and indirect taxes involving our Company, Subsidiary, Promoter and Directors.

Nature of case	Number of cases	Demand amount involved* (in ₹ million)
<b>Our Company</b>		
Direct tax	29	609.43
Indirect tax	227	549.68
<b>Subsidiary</b>		
Direct tax	2	213.00
Indirect tax	33	95.71
<b>Promoter</b>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil
<b>Directors</b>		
Direct tax	Nil	Nil
Indirect tax	Nil	Nil

\*To the extent quantifiable

**F. Outstanding dues to creditors**

As per the Materiality Policy which was amended by a resolution passed by the Board dated July 16, 2021, a creditor of our Company, shall be considered to be material ("Material Creditors") for the purpose of disclosure in this Prospectus, if amounts due to such creditor by our Company is equal to, or in excess of, 5% of the consolidated trade payables of our Company as at the end of the latest fiscal year in the Restated Consolidated Summary Statements (i.e., as at March 31, 2021). Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds ₹ 840.71 million as on March 31, 2021. As of March 31, 2021, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Particulars	Number of creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises*	98	78.06
Material Creditor(s)	3	15,019.33
Other creditors	550	1,716.71

\* As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

For further details about outstanding overdues to Material Creditors as on March 31, 2021, along with the name and amount involved for each such Material Creditor, see <http://chemplastsanmar.com/material-creditors.php>.

It is clarified that such details available on our Company's website do not form a part of this Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company's website, <http://chemplastsanmar.com/material-creditors.php> would be doing so at their own risk.

#### **G. Material Developments**

There have been no material developments, since the date of the last financial statements disclosed in this Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of its assets or its ability to pay liabilities, except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 398.

#### **H. Litigation involving the Group Companies**

As on the date of this Prospectus, there is no pending litigation involving our Group Companies which will have a material impact on our Company.

## GOVERNMENT AND OTHER APPROVALS

*Set out below is in indicative list of all material approvals, consents, licenses, registrations and permits obtained by our Company and CCVL which are necessary for undertaking our business. Except as disclosed herein, we have obtained all material consents, licenses, permissions, registrations, permits and approvals, from various governmental statutory and regulatory authorities, which are necessary for undertaking the current business activities and operations of our Company and CCVL. In the event any of the approvals and licenses that are required for our business operations expire in the ordinary course, we apply for their renewal from time to time. Unless otherwise stated, these approvals are valid as on the date of this Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see “Key Regulations and Policies” on page 157.*

*In view of the key approvals listed below, our Company can undertake this Offer, current business activities and operations.*

For the approvals and authorisations obtained by our Company and the Selling Shareholders in relation to the Offer, see “Other Regulatory and Statutory Disclosures – Authority for the Offer” on page 456.

### **I. Tax and other approvals of our Company and CCVL**

- (i) Permanent Account Number issued by the Income Tax Department, Government of India, under the Income Tax Act, 1961.
- (ii) Tax deduction account number issued by the Income Tax Department, Government of India, under the Income Tax Act, 1961.
- (iii) Identification numbers issued under the Goods and Service Tax Act, 2017 by the Government of India and State Governments for GST payments, as applicable.
- (iv) Import-export code issued under the Foreign Trade (Development and Regulation) Act, 1992.
- (v) Professional tax registration issued under the applicable state law.
- (vi) Provident Fund Registration under the Employees Provident Funds and Miscellaneous Provisions Act 1952.
- (vii) Registration under the Employees’ State Insurance Act 1948.
- (viii) Registration under the Contract Labour (Regulation & Abolition) Act, 1970.

### **II. Business related key approvals of our Company**

Our Company is required to obtain various approvals and licenses under various laws, rules and regulations in order to operate our manufacturing plants. Our Company operates manufacturing plants at (i) Mettur, Tamil Nadu; (ii) Karaikal, Puducherry; and (iii) Berigai, Tamil Nadu. In addition, our Company has leased a salt field at Vedaranyam, Tamil Nadu. The material approvals applicable and obtained by us in relation to our business operations are as set out below:

#### ***Mettur Facilities***

##### **Mettur Facility I**

For carrying out our Company’s present business activities at Mettur Facility I, our Company has obtained the required material approvals and/or licenses including, amongst others, factory license, consent to establish and operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, bio - medical waste authorisation from the relevant State PCB under the Bio – Medical Waste Management Rules 2016, authorisation from the electricity board, trade license, license for possession and sale of poison, fire safety license, boiler registration, license for possession of compressed gas in cylinders and certifications from the Legal Metrology Department. Our Company has also obtained Industrial Entrepreneurs’ Memorandum from SIA for manufacture of the products at this facility.

### Mettur Facility II

For carrying out our Company's present business activities at Mettur Facility II, our Company has obtained the required material approvals and/or licenses including, *amongst others*, factory license, consent to establish and operate from the relevant State PCB under the Air Act and Water Act, environmental clearances from the MoEF authorisation under the Hazardous Waste Rules, bio - medical waste authorisation from the relevant State PCB under the Bio – Medical Waste Management Rules 2016, authorisation from the electricity board, license for storage of compressed gas in pressure vessels, license for import and storage of petroleum, license for running of electric motors, fire safety license, boiler registration, license for possession of alcohol, FSSAI license certifications from the Legal Metrology Department. Our Company has also obtained Industrial Entrepreneurs' Memorandum from SIA for manufacture of the products at this facility.

### Mettur Facility III

For carrying out our Company's present business activities at Mettur Facility III, our Company has obtained the required material approvals and/or licenses including, *amongst others*, factory license, consent to establish and operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, bio - medical waste authorisation from the relevant State PCB under the Bio – Medical Waste Management Rules 2016, authorisation from the electricity board, trade license, license for possession and sale of poison, fire safety license, boiler registration, license for storage of compressed gas in pressure vessels, license for storage compressed gas in cylinders, license for import and storage of petroleum, license for running of electric motors, license for storage of hydrogen fluoride, FSSAI license, license for possession of alcohol, and certifications from the Legal Metrology Department. Our Company has also obtained Industrial Entrepreneurs' Memorandum from SIA for manufacture of the products at this facility.

### Mettur Facility IV

For carrying out our Company's present business activities at Mettur Facility IV, our Company has obtained the required material approvals and/or licenses including, *amongst others*, factory license, consent to establish and operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, fire safety license, authorization from the electricity board, license for running of electric motors and certifications from the Legal Metrology Department.

### ***Karaikal Facility***

For carrying out our Company's present business activities at Karaikal Facility, our Company has obtained the required material approvals and/or licenses including, *amongst others*, factory license, consent to operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, bio - medical waste authorisation from the relevant State PCB under the Bio – Medical Waste Management Rules 2016, fire safety license, boiler registration, radar license, license to possess poison, license to possess methanol, licenses for possession and transport of explosives from the PESO, shipping certificate under MoS, license for storage of diesel and approvals and licenses obtained in relation to the import and storage of petroleum and compressed gas in cylinders. Our Company has also obtained the Industrial Entrepreneurs' Memorandum from the SIA for manufacture of the products at this facility.

### ***Berigai Facility***

For carrying out our Company's present business activities at Berigai Facility, our Company has obtained the required material approvals and/or licenses including, *amongst others*, factory license, consent to operate from the relevant State PCB under the Air Act and Water Act, environmental license under MoEF, authorisation under the Hazardous Waste Rules, fire safety license, boiler registration, FSSAI license, license under the Drugs and Cosmetics Act, trade license, license to possess methanol and alcohol, license for issue of solvents, licenses for import and storage of petroleum and license for storage of import and storage of petroleum in an installation from PESO, license for storage of compressed in cylinders, FSSAI license and certifications from the Legal Metrology Department. Our Company has also obtained the Industrial Entrepreneurs' Memorandum from the SIA for manufacture of the products at this facility.

### ***Vedaranyam Salt Field***

For carrying out our Company's activities at Vedaranyam Salt Field, our Company has obtained the required material approvals and/or licenses including, *amongst others*, factory license, trade license, environmental clearance by MoEF, consent to operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, electricity approvals, salt washery registration, registration of captive generating plant, fire safety license, FSSAI license, and certifications from the Legal Metrology Department.

### **III. Business related key approvals of CCVL**

#### ***Cuddalore Facility***

CCVL is required to obtain various approvals and licenses under various laws, rules and regulations in order to operate the Cuddalore Facility. The material approvals applicable and obtained by CCVL in relation to its business operations are as set out below:

For carrying out the present business activities, CCVL has obtained the required material approvals and/or licenses including, *amongst others*, factory license, consent to operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, bio - medical waste authorisation from the relevant State PCBs under the Bio – Medical Waste Management Rules 2016, environmental clearances from the MoEF, fire safety license boiler registration, authorization to import and handle radioactive material, radar license, registration for nucleonic gauges installation/ radiation gauging device, license for erection of marine terminal facility, licenses for import and storage of petroleum from the PESO, and certifications from the Legal Metrology Department. We have also obtained Industrial Entrepreneurs' Memorandum from SIA for manufacture of the products at this facility.

### **IV. Pending key approvals of our Company and CCVL**

1. Application dated September 5, 2020 to Puducherry Pollution Control Committee, for renewal of authorisation for hazardous waste collection / storage / transportation at Karaikal Facility.
2. Application dated December 5, 2020 to the Joint Director of Industrial Safety and Health, Thanjavur, for registration under the Contract Labour (Regulation and Abolition) Act, 1970 for the Vedaranyam Salt Field.
3. Application dated June 22, 2021 to the Wireless Planning & Co-ordinating Wing, Department of Telecommunications for renewal of fixed wireless stations license for the Cuddalore Facility.
4. Application dated June 22, 2021 to the Wireless Planning & Co-ordinating Wing, Department of Telecommunications for renewal of license for automatic identification system for the Cuddalore Facility.
5. Application dated December 31, 2020 to Indian coastal guard for renewal of oil spill contingency plan approval for the Cuddalore Facility.
6. Application dated October 22, 2019 to the District Collector and District Magistrate, Krishnagiri, for renewal of the solvent license for storage of furnace oil, toluene, benzene and hexane for industrial purposes for Berigai Facility.
7. Application dated March 31, 2021 to The Registering Officer, Labour Department for engaging new contractor at the Karaikal Facility.
8. Application dated August 7, 2018 to the Executive Engineer, Public Works Department, Mettur Dam Division for drawal of water from Mettur reservoir for Mettur Facility II.
9. Application dated March 4, 2021 to Deputy Collector (Excise), Government of Puducherry Karaikal for renewal of the license for possession of methanol at Karaikal Facility.

10. Application dated February 11, 2021 to Veerakkalpudur Town Panchayat, Gonur for renewal of the licenses for running electrical motors at Mettur Facility IV.
11. Application dated March 11, 2021 to the Deputy Wireless Advisor to the Government of India, Ministry of Communications and Information Technology, for renewal of radar license for Karaikal Facility.
12. Application dated March 27, 2021 for Industrial Entrepreneurs' Memorandum to SIA for manufacture of hydrogen peroxide at Mettur Facility IV.
13. Application dated June 1, 2021 to WPC Wing, Ministry of Telecommunication, for renewal of FP-186 license (walkie and talkie license) for Karaikal Facility.
14. Application dated June 3, 2021 to Inspector of Boiler for inspection of boiler with registry number 0595 under Boilers Act, 1923 for Karaikal Facility.
15. Application dated June 3, 2021 to Inspector of Boiler for inspection of boiler with registry number 0712 under Boilers Act, 1923 for Karaikal Facility.


**V. Key approvals required but not applied for by our Company and CCVL**

Nil

**VI. Key approvals which have expired but not applied for by our Company and CCVL**

1. Calibration certificate for HSD storage tank issued by Legal Metrology Department for the Cuddalore Facility.

**VII. Intellectual Property**

Our Company owns the tradename 'CHEMPLAST' and trade marks 'CHEMPLAST' and . These trade marks have been registered under the Trade Marks Act 1999 and these registrations are currently valid.

Pursuant to a grant letter dated May 20, 2019, our Company has granted CCVL, a royalty free, non-exclusive, personal, non-transferable right to use the above mentioned tradename and the trademarks.

Additionally, pursuant to a letter dated March 22, 2021, our Promoter has granted our Company a royalty free, non – exclusive, personal, non-transferable right to use the trade name / trade mark 'S Sanmar' and



For further details see "*History and Certain Corporate Matters - Other agreements*" on page 167.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Offer**

The Offer has been authorised by our Board of Directors pursuant to the resolution passed at its meeting dated April 15, 2021, as amended by our IPO Committee pursuant to the resolution passed at its meeting dated July 29, 2021 and by our Shareholders pursuant to a resolution passed at their meeting dated April 27, 2021, and the DRHP was approved by our Board on April 26, 2021.

The Offer for Sale has been authorised by the board of directors of each of the Selling Shareholders pursuant to resolutions passed at their meetings held on April 5, 2021 and July 28, 2021. Our Board of Directors has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated April 15, 2021 and IPO Committee pursuant to its resolution dated July 29, 2021. The Selling Shareholders have consented to their respective participation in the Offer for Sale, to the extent of their respective portion of the Offered Shares, pursuant to their respective consent letters dated April 5, 2021 and July 28, 2021. For further details, see “*The Offer*” on page 60.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated May 27, 2021 and June 11, 2021, respectively.

Our Board has approved the Red Herring Prospectus pursuant to its resolution dated July 31, 2021 and the Prospectus pursuant to its resolution dated August 13, 2021.

### **Prohibition by SEBI, RBI or other Governmental Authorities**

Our Company, Promoter, Promoter Group, Directors, the persons in control of our Company and the persons in control of our Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court.

None of our Directors are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against the Directors of our Company in the past five years preceding the date of this Prospectus.

Our Company, Promoter or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoter or Directors have not been declared as fugitive economic offenders.

### **Confirmation under Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, our Promoter and members of Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Prospectus.

### **Eligibility for the Offer**

As determined at the date of filing of this Prospectus, our Company is eligible for undertaking the Offer in accordance with Regulation 6(2) of the SEBI ICDR Regulations, which states the following:

*An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.*

We are an unlisted company not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations at the time of filing of this Prospectus and are therefore required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations.

We undertake to comply with Regulation 6(2) of the SEBI ICDR Regulations. Accordingly, we are required to allot not less than 75% of the Offer to QIBs and in the event that we fail to do so, the Bid Amounts received by our Company shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and other



applicable laws.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

- (i) Our Company, the Promoter, members of the Promoter Group, and our Directors are not debarred from accessing the capital markets by SEBI;
- (ii) The companies with which our Promoter or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;
- (iii) Neither our Company, nor our Promoter or Directors have been identified as a wilful defaulter (as defined in the SEBI ICDR Regulations);
- (iv) None of our Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;
- (v) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Prospectus;
- (vi) Our Company, along with the Registrar to the Company, has entered into tripartite agreements dated March 22, 2000 and March 23, 2000 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;
- (vii) The Equity Shares of our Company held by our Promoter are in dematerialised form;
- (viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Prospectus; and
- (ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

Each Selling Shareholder confirms that the Equity Shares offered by it as part of the Offer for Sale have been held by it in compliance with Regulation 8 of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. ICICI SECURITIES LIMITED, AXIS CAPITAL LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, IIFL SECURITIES LIMITED, AMBIT PRIVATE LIMITED, BOB CAPITAL MARKETS LIMITED, HDFC BANK LIMITED, INDUSIND BANK LIMITED AND YES SECURITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE GCBRLMs AND THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS**

**PURPOSE, ICICI SECURITIES LIMITED, AXIS CAPITAL LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, IIFL SECURITIES LIMITED, AMBIT PRIVATE LIMITED, BOB CAPITAL MARKETS LIMITED, HDFC BANK LIMITED, INDUSIND BANK LIMITED AND YES SECURITIES (INDIA) LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 30, 2021 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE GCBRLMs AND THE BRLMs ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to this Offer have been complied with at the time of filing of the Red Herring Prospectus and this Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

#### **Disclaimer from our Company, our Directors, GCBRLMs and BRLMs**

Our Company, our Directors, the GCBRLMs and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.chemplastsanmar.com](http://www.chemplastsanmar.com), or the respective websites of our Promoter, Promoter Group or any affiliate of our Company would be doing so at his or her own risk.

The GCBRLMs and the BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company, the GCBRLMs and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders were required to confirm and deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The GCBRLMs and the BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoter, their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Promoter, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer from the Selling Shareholders**

The Selling Shareholders accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.chemplastsanmar.com](http://www.chemplastsanmar.com), or the respective websites of our Promoter, Promoter Group or any affiliate of our Company would be doing so at his or her own risk. The Selling Shareholders, their respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Prospectus, other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its portion of the Offered Shares.

The Selling Shareholders shall not be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders were required to confirm and deemed to have represented to the Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

#### **Disclaimer in respect of Jurisdiction**

This Offer was being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. The Red Herring Prospectus and this Prospectus do not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus and this Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra, India only.

Neither the delivery of the Red Herring Prospectus and this Prospectus nor the offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Company or the Selling Shareholders since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Invitations to subscribe to or purchase the Equity Shares in the Offer was made only pursuant to the Red Herring Prospectus and this Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus, this Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India was eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contained the selling restrictions for the Offer outside India.**

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside of the United States in offshore transactions as defined in and in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Offer) may violate the registration requirements of the U.S. Securities Act.**

Bidders were advised to ensure that any Bid from them should not exceed investment limits or the maximum number of Equity Shares that could be held by them under applicable law. Further, each Bidder were required to agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

#### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, is set out below:

**BSE Limited (“the Exchange”) has given vide its letter dated May 27, 2021 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -**

- (a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or**
- (b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or**
- (c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;**

**and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.**

#### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company, is set out below:

**As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/1023 dated June 11, 2021 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the Stock Exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.**

**Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.**

#### **Listing**

The Equity Shares issued through the Red Herring Prospectus and this Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. NSE is the Designated Stock Exchange with which the Basis of Allotment will be finalised.

## **Consents**

Consents in writing of: (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our CFO, Banker(s) to the Company, legal counsels appointed for the Offer, the GCBRLMs, the BRLMs, the Registrar to the Offer, the Registrar to the Company, in their respective capacities, have been obtained; (b) CRISIL; (c) the Monitoring Agency; and (d) the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, and such consents have not been withdrawn as on the date of this Prospectus.

## **Expert to the Offer**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 13, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated July 16, 2021 on our Restated Consolidated Summary Statements; and (ii) their report dated July 17, 2021 on the Statement of Special Tax Benefits in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Our Company has received written consent dated August 2, 2021 from S K Patodia & Associates, Independent Chartered Accountant, to include their name as an “expert” under section 2(38) of the Companies Act in respect of their certificate and such consent has not been withdrawn as on the date of this Prospectus.

Our Company has received written consent dated July 17, 2021 from V. Krishnan and R. Narasimhan, Independent Chartered Engineers, to include their name as an “expert” as defined under section 2(38) of the Companies Act in respect of their certificate and such consent has not been withdrawn as on the date of this Prospectus.

## **Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issue during the last five years.

## **Particulars regarding capital issues by our Company and listed group companies, subsidiaries or associate entity during the last three years**

Other than as disclosed in “*Capital Structure*” on page 76, our Company has not made any capital issues during the three years preceding the date of this Prospectus. Further, our Company does not have any listed Group Companies, Subsidiary or Associate.

## **Commission and Brokerage paid on previous issues of the Equity Shares in the last five years**

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares for last five years by our Company.

## **Performance vis-à-vis objects – Public/ rights issue of our Company**

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Prospectus.

**Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries/listed Promoter of our Company**

The securities of our Promoter and our Subsidiary are not listed on any stock exchange.

**Price information of past issues handled by the GCBRLMs and BRLMs**

**A. ICICI Securities Limited**

**TABLE I: PRICE INFORMATION OF PAST ISSUES HANDLED BY ICICI SECURITIES LIMITED**

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Home First Finance Company India Limited	11,537.19	518.00	03-Feb-21	618.80	+4.98%, [+1.97%]	-5.64%, [-1.05%]	+15.86%, [+6.58%]
2	Railtel Corporation of India Limited	8,192.42	94.00	26-Feb-21	109.00	+35.64%, [-0.15%]	+37.50%, [+5.32%]	NA*
3	Kalyan Jewellers India Limited	11,748.16	87.00 <sup>(1)</sup>	26-Mar-21	73.95	-24.60%, [-1.14%]	-7.07%, [+8.13%]	NA*
4	Suryoday Small Finance Bank Limited	5,808.39	305.00 <sup>(2)</sup>	26-Mar-21	292.00	-18.38%, [-1.14%]	-26.87%, [+8.13%]	NA*
5	Nazara Technologies Limited	5,826.91	1,101.00 <sup>(3)</sup>	30-Mar-21	1,990.00	+62.57%, [+0.13%]	+37.59%, [+6.84%]	NA*
6	Macrotech Developers Limited	25,000.00	486.00	19-Apr-21	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	NA*
7	Shyam Metalics and Energy Limited	9,087.97	306.00 <sup>(4)</sup>	24-Jun-21	380.00	+40.95%, [+0.42%]	NA*	NA*
8	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	NA*	NA*
9	G R Infraprojects Limited	9,623.34	837.00 <sup>(5)</sup>	19-Jul-21	1,715.85	NA*	NA*	NA*
10	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	29-July-21	2,111.85	NA*	NA*	NA*

\*Data not available

(1) Discount of Rs. 8 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 87.00 per equity share.

(2) Discount of Rs. 30 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 305.00 per equity share.

(3) Discount of Rs. 110 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 1,101.00 per equity share.

(4) Discount of Rs. 15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 306.00 per equity share.

(5) Discount of Rs. 42 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 837.00 per equity share.

**TABLE 2: SUMMARY STATEMENT OF DISCLOSURE**

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	5	53,913.08	-	-	-	-	3	-	-	-	-	-	-	-
2020-21	14	1,74,546.09	-	-	5	5	2	2	-	-	2	4	2	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

\* This data covers issues upto YTD

**Notes:**

1. All data sourced from [www.nseindia.com](http://www.nseindia.com), except for Computer Age Management Services Limited for which the data is sourced from [www.bseindia.com](http://www.bseindia.com)
2. Benchmark index considered is NIFTY
3. 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading day

**B. Axis Capital Limited**

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited*

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Clean Science And Technology Limited	15,466.22	900.00	19-Jul-21	1,755.00	-	-	-
2	India Pesticides Limited	8,000.00	296.00	5-Jul-21	350.00	+12.64%, [+1.87%]	-	-
3	Krishna Institute Of Medical Sciences Limited <sup>!</sup>	21,437.44	825.00	28-Jun-21	1,009.00	+48.10%, [-0.43%]	-	-
4	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	-	-
5	Shyam Metals And Energy Limited <sup>@</sup>	9,085.50	306.00	24-Jun-21	380.00	+40.95%, [+0.42%]	-	-
6	Macrotech Developers Limited	25,000.00	486.00	19-April-21	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	-
7	Barbeque – Nation Hospitality Limited	4,528.74	500.00	07-April-21	489.85	+18.77%, [-0.64%]	+76.97%, [+6.85%]	-
8	Suryoday Small Finance Bank Limited <sup>#</sup>	5,808.39	305.00	26-Mar-21	292.00	-18.38%, [-1.14%]	-26.87%, [+8.13%]	-
9	Kalyan Jewellers India Limited <sup>!</sup>	11,748.16	87.00	26-Mar-21	73.95	-24.60%, [-1.14%]	-7.07%, [+8.13%]	-
10	Craftsman Automation Limited	8,236.96	1,490.00	25-Mar-21	1,359.00	-13.82%, [+0.11%]	+16.81%, [+10.11%]	-

Source: [www.nseindia.com](http://www.nseindia.com)

\$ Offer Price was ₹ 275.00 per equity share to Eligible Employees

# Offer Price was ₹ 79.00 per equity share to Eligible Employees

@ Offer Price was ₹ 291.00 per equity share to Eligible Employees

! Offer Price was ₹ 785.00 per equity share to Eligible Employees

**Notes:**

a. Issue Size derived from Prospectus/final post issue reports, as available.

b. The CNX NIFTY is considered as the Benchmark Index.

c. Price on NSE is considered for all of the above calculations.

d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.

e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.



2. Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022*	7	88,719.67	-	-	-	-	4	2	-	-	-	-	-	-
2020-2021	11	93,028.90	-	-	6	2	1	2	-	-	-	2	1	2
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3

\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

C. Credit Suisse Securities (India) Private Limited

1. Price information of past issues handled by Credit Suisse (India) Private Limited

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
a)	Metropolis Healthcare Limited	12,042.90	880.00	April 15, 2019	958.00	3.75%, [-4.01%]	21.39%, [-1.18%]	45.93%, [-3.30%]
b)	Sterling and Wilson Solar Limited	28,809.42	780.00	August 20, 2019	706.00	-21.88%, [-1.60%]	-48.63%, [7.97%]	-64.78%, [9.95%]
c)	Home First Finance Company India Limited	11,537.19	518.00	February 03, 2021	618.80	4.98%, [1.97%]	-5.64%, [-1.05%]	15.86%, [6.58%]
d)	Sona BLW Precision Forgings Limited	55,500.00	291.00	June 24, 2021	301.00	45.45%, [0.42%]	NA*	NA*
e)	Krishna Institute of Medical Sciences Limited	21,437.44	825.00	June 28, 2021	1,009.00	48.10%, [-0.43%]	NA*	NA*
f)	Zomato Limited	93,750.00	76.00	July 23, 2021	116.00	NA*	NA*	NA*

Source: Source: www.nseindia.com for the price information and prospectus for issue details.

\*Data not available

Note:

- 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading date.
- % of change in closing price on 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> calendar day from listing day.
- NIFTY is considered as the benchmark index

2. Summary statement of price information of past issues handled by Credit Suisse (India) Private Limited

Fiscal	Total	Total	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing	No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing	No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing	No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing
Year	no. of IPOs	amount				

	no. of IPOs	of funds raised (₹ Mn.)	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	3	1,70,687.44	-	2	-	-	-	-	-	-	-	-	-	-
2020-21	1	11,537.19	-	-	-	-	-	1	-	-	-	-	-	1
2019-20	2	40,852.32	-	-	1	-	-	1	1	-	-	-	1	-

#### D. IIFL Securities Limited

##### 1. Price information of past issues handled by IIFL Securities Limited

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Antony Waste Handling Cell Limited	2,999.85	315.00	January 1, 2021	436.10	-10.27%, [-2.74%]	-23.21%, [+4.80%]	+2.14%, [+12.34%]
2	MTAR Technologies Limited	5964.14	575.00	March 15, 2021	1,050.00	+69.45%, [-2.84%]	+78.83%, [+5.83%]	N.A.
3	Anupam Rasayan India Ltd	7,600.00	555.00	March 24, 2021	520.00	-0.11%, [-0.98%]	+30.49%, [+8.23%]	N.A.
4	Craftsman Automation Limited	8,236.96	1,490.00	March 25, 2021	1,359.00	-13.82%, [+0.11%]	+16.81%, [+10.11%]	N.A.
5	Suryoday Small Finance Bank Ltd	5,808.39	305.00	March 26, 2021	292.00	-18.38%, [-1.14%]	-26.87%, [-98.46%]	N.A.
6	Nazara Technologies Ltd	5,826.91	1,101.00	March 30, 2021	1,990.00	+62.57%, [0.13%]	+38.22%, [6.84%]	N.A.
7	Barbeque-Nation Hospitality Limited	4,528.74	500.00	April 7, 2021	489.85	+18.77%, [-0.64%]	+76.97%, [+6.85%]	N.A.
8	Macrotech Developers Ltd	25,000.00	486.00	April 19, 2021	436.00	+30.22%, [+5.21%]	+75.43%, [+10.89%]	N.A.
9	Shyam Metalics and Energy Ltd	9,085.50	306.00	June 24, 2021	380.00	N.A.	N.A.	N.A.
10	Krishna Institute of Medical Sciences Limited	21,437.44	825.00	June 28, 2021	1,009.00	N.A.	N.A.	N.A.

Source: [www.nseindia.com](http://www.nseindia.com)

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable.

##### 2. Summary statement of price information of past issues handled by IIFL Securities Limited

Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount – 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium – 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-	5	65,827.61	-	-	2	-	1	2	1	1	1	-	-	2

20														
2020-21	8	47,017.65	-	-	4	2	1	1	-	-	-	1	1	1
2021-22	4	60,051.68	-	-	-	-	1	1	-	-	-	-	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered. NA means Not Applicable.

NA means Not Applicable.

## E. Ambit Private Limited

### 1. Price information of past issues handled by Ambit Private Limited

S. No.	Issue name	Issue size (₹ in million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Anupam Rasayan India Limited	7,600.00	555.00	24-Mar-21	520.00	-0.11%, [-0.98%]	30.49%, [8.23%]	NA

Source: www.nseindia.com

Notes:

- Issue Size derived from Prospectus/final post issue reports, as available.
- The CNX NIFTY is considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.
- Since 180 calendar days from listing date has not elapsed for the above issue, data for same is not available.

### 2. Summary statement of price information of past issues handled by Ambit Private Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in million)	Nos. of IPOs trading at discount on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at discount as on 180 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium as on 180 <sup>th</sup> calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%
2021-22*	-	-	-	-	-	-	-	-	-	-	-	-	-	
2020-21	1	7,600.00	-	-	1	-	-	-	NA	NA	NA	NA	NA	
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	

\* The information is as on the date of the document

Note: Since 180 calendar days from listing date has not elapsed for the above issue, data for same is not available

## F. BOB Capital Markets Limited

1. Price information of past issues handled by BOB Capital Markets Limited

Sr. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing <sup>(2) (3)</sup>	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing <sup>(2) (3)</sup>	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Glenmark Life Sciences Limited	15,136.00	720	August 06, 2021	750.00	-		
2.	Macrotech Developers India Limited	25,000.00	486	April 19,2021	436.00	+30.22% [+5.21%]	+75.43% [+10.89%]	Not Available
3.	Kalyan Jewellers India Limited	11,748.16	87 <sup>(1)</sup>	March 26, 2021	73.95	-24.60% [-1.14%]	-8.33% [+8.84%]	Not Available

Source: www.nseindia.com for price information and prospectus for issue details.

Note:

- 1) A discount of ₹ 8.00 per equity share offered to the eligible employees. All calculations are based on the issue price of ₹ 87 per equity share.
- 2) The 30th and the 90th calendar day from listing day have been taken as listing day plus 29 & 89 calendar days respectively. In the event any day falls on a holiday, the price/index of the previous trading day has been considered.
- 3) The Nifty 50 index is considered as the Benchmark Index

2. Summary statement of price information of past issues handled by BOB Capital Markets Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22	2	40,136.00	-	-	-	-	1	-	-	-	-	-	-	-
2020-21	1	11,748.16	-	-	1	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Prospectus for issue details

Note: The above information is as on the date of this Prospectus.

G. HDFC Bank Limited

1. Price information of past issues handled by HDFC Bank Limited

Sr. No.	Issue Name	Issue Size (in ₹ Mn)	Issue price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	G R Infraprojects Limited	9,623.34	837	July 19, 2021	1,715.85	-	-	-
2.	Computer Age Management Services Ltd	22,421.05	1,230	October 01, 2020	1,518.00	+5.52% [+2.37%]	+49.52% [+23.04%]	+43.67% [+26.65%]
3.	Metropolis Healthcare Limited	12,042.88	880	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39% [-1.18%]	+45.93% [-3.30%]

Source: www.nseindia.com and www.bseindia.com for price information and prospectus for issue details

Notes:

1. Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index
2. 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days
3. In case of reporting dates falling on a trading holiday, values for immediately previous trading day have been considered
4. In G R Infraprojects Limited, the issue price to eligible employees was ₹795 after a discount of ₹42 per equity share.
5. In Computer Age Management Services Limited, the issue price to eligible employees was ₹1,108 after a discount of ₹122 per equity share.

## 2. Summary statement of price information of past issues handled by HDFC Bank Limited

Financial Year	Total no. of IPOs	Total amount of funds raised ( in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021 - 22	1	9,623.34	-	-	-	-	-	-	-	-	-	-	-	-
2020 - 21	1	22,421.05	-	-	-	-	-	1	-	-	-	-	1	-
2019 - 20	1	12,042.88	-	-	-	-	-	1	-	-	-	-	1	-

Notes:

1. The information is as on the date of this Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

## H. IndusInd Bank Limited

### 1. Price information of past issues handled by IndusInd Bank Limited

S. No.	Issue name	Issue size (in ₹ million)	Offer Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Sterling & Wilson Solar Limited	28,809.42	780.00	August 20, 2019	706.00	-21.88%, [-1.60%]	-48.63%, [+7.97%]	-64.78%, [+9.95%]
2.	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	825.00	-0.56%, [-2.14%]	+52.76%, [+7.61%]	+17.32%, [+9.59%]

Source: www.nseindia.com for the price information and prospectus for issue details

Notes:

- (a) 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the previous trading date
- (b) The CNX NIFTY index is considered as Benchmark Index
- (c) The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. % of change in closing price on 30th/ 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.

### 2. Summary statement of price information of past issues handled by IndusInd Bank Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 30 <sup>th</sup> calendar day from listing date			No. of IPOs trading at discount as on 180 <sup>th</sup> calendar day from listing date			No. of IPOs trading at premium as on 180 <sup>th</sup> calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-19	2	40,818.78	-	-	2	-	-	-	1	-	-	-	-	1

\*The information is as on the date of this Prospectus.

The information for each of the financial years is based on issues listed during such financial year.

## I. YES Securities (India) Limited

### 1. Price information of past issues handled by YES Securities (India) Limited:

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Macrotech Developers Limited	25,000.00	486.00	April 19, 2021	436.00	+30.22% [+5.21%]	+75.43% [+10.89%]	-
2	Mazagon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	+18.90% [+5.87%]	+52.90% [+20.25%]	+45.79% [+24.34]
3	Indian Railway Catering and Tourism Corporation Limited	6,379.72	320.00	October 14, 2019	626.00	+191.53% [+5.05%]	+186.64% [+8.07%]	+291.84% [-19.66%]
4	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [+7.97%]	-64.78% [+9.95%]
5	Spandana Sphoorty Financial Limited	11,898.49	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	+17.32% [+9.59%]
6	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70% [-1.99%]	+23.76% [-4.09%]
7	Rail Vikas Nigam Limited	4,768.61	19.00	April 11, 2019	19.00	+19.47% [-2.74%]	+40.26% [-0.35%]	+20.53% [-4.06%]

#### Notes:

- Benchmark Index taken as CNX NIFTY
- Price on NSE is considered for the above calculations
- % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.
- If either of the 30<sup>th</sup>, 90<sup>th</sup> or 180<sup>th</sup> calendar day is a trading holiday, the previous trading day has been considered for the computation.

### 2. Summary statement of price information of past issues handled by YES Securities (India) Limited:

Financial Year	Total no. of	Total amount	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing	No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing	No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing	No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing
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	IPOs	of funds raised (₹ million)	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-2022	1	25,000.00	-	-	-	-	1	-	-	-	-	-	-	-
2020-2021	1	4,436.86	-	-	-	-	-	1	-	-	-	-	1	-
2019-2020	5	64,995.80	-	-	2	1	-	2	1	-	-	1	-	3

**Notes:**

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.

The information for the financial year is based on issue listed during such financial year.

**Track record of past issues handled by the GCBRLMs and the BRLMs**

For details regarding the track record of the GCBRLMs and the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the GCBRLMs and the BRLMs, as set forth in the table below:

Sr. No.	Name of GCBRLMs and BRLMs	Website
1.	ICICI Securities	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
2.	Axis Capital Limited	<a href="http://www.axiscapital.co.in">www.axiscapital.co.in</a>
3.	Credit Suisse Securities (India) Private Limited	<a href="http://www.credit-suisse.com">www.credit-suisse.com</a>
4.	IIFL Securities Limited	<a href="http://www.iiflcap.com">www.iiflcap.com</a>
5.	Ambit Private Limited	<a href="http://www.ambit.co">www.ambit.co</a>
6.	BOB Capital Markets Limited	<a href="http://www.bobcaps.in">www.bobcaps.in</a>
7.	HDFC Bank Limited	<a href="http://www.hdfcbank.com">www.hdfcbank.com</a>
8.	IndusInd Bank Limited	<a href="http://www.indusind.com">www.indusind.com</a>
9.	YES Securities (India) Limited	<a href="http://www.yesinvest.in">www.yesinvest.in</a>

## **Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

## **Mechanism for Redressal of Investor Grievances**

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process were required to be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder was required to give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer were required to obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Company, the GCBRLMs, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors were required to contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The GCBRLMs and BRLMs were required to, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Investors were required to be entitled to compensation in the manner specified in the SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 in case of delays in resolving grievances in relation to blocking/unblocking of funds. For ensuring timely information to investors in relation to blocking /debit/unblocking, SSBs were required to send SMS alerts as specified in SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

Our Company, the GCBRLMs, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Anchor Investors are required to address all grievances in relation to the Offer to the GCBRLMs and the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

## **Disposal of Investor Grievances by our Company**



Our Company has obtained authentication on the SCORES and is in compliance with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 and the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor grievances in the last three Financial Years prior to the filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus. Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed M Raman, as the Company Secretary and Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For further details, see “*General Information*” on page 66.

Our Company has also constituted a Stakeholders’ Relationship Committee comprising of Aditya Jain (*Chairman*), Vijay Sankar and Amarnath Ananthanarayanan as members, to review and redress shareholder and investor grievances. For further details, see “*Our Management*” on page 172.

## SECTION VII – OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, Listing Regulations, the terms of the Red Herring Prospectus, this Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that were executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, Offer for Sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

#### **The Offer**

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

#### **Ranking of the Equity Shares**

The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. The Equity Shares Allotted in the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, MoA and AoA, and shall rank pari passu with the existing Equity Shares in all respects including dividends. For further details, see “*Description of Equity Shares and Terms of Articles of Association*” on page 502.

#### **Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to the Shareholders as per the provisions of the Companies Act, our MoA, AoA, the Listing Regulations and other applicable laws including guidelines or directives that may be issued by the GoI in this respect. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Equity Shares), will be payable to the Allottees, for the entire year, in accordance with applicable law. For further details in relation to dividends, see “*Dividend Policy*” and “*Description of Equity Shares and Terms of the Articles of Association*” on pages 198 and 502, respectively.

#### **Face Value, Offer Price and Price Band**

The face value of each Equity Share is ₹ 5 and the Offer Price at Floor Price is ₹ 530 per Equity Share and at Cap Price is ₹ 541 per Equity Share. The Anchor Investor Offer Price is ₹ 541 per Equity Share.

The Price Band and the minimum Bid Lot size was decided by our Company, and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs, and was advertised, at least two Working Days prior to the Bid/ Offer Opening Date, in all editions of the English national daily newspaper Financial Express, all editions of a Hindi national daily newspaper Jansatta and Chennai editions of a Tamil newspaper Makkal Kural (each of which are widely circulated English, Hindi and Tamil newspapers, respectively, Tamil being the regional language of Tamil Nadu, where our Registered Office is located) each with wide circulation and were made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, were required to be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination for the Equity Shares.

#### **Compliance with Disclosure and Accounting Norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the AoA, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and our AoA and other applicable laws.

For a detailed description of the main provisions of the AoA of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see “*Description of Equity Shares and Terms of Articles of Association*” on page 502.

### **Market Lot and Trading Lot**

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Company, the respective Depositories and Registrar to the Company:

- Tripartite agreement dated March 22, 2000 amongst our Company, NSDL and Registrar to the Company.
- Tripartite agreement dated March 23, 2000 amongst our Company, CDSL and Registrar to the Company.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be in multiples of one Equity Share subject to a minimum Allotment of 27 Equity Shares. For the method of basis of allotment, see “*Offer Procedure*” on page 483.

### **Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest.

A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

### Withdrawal of the Offer

Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously.

The GCBRLMs and the BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, in case of RIBs using the UPI Mechanism, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus after it is filed with the RoC.

### Bid/ Offer Programme

<b>BID/ OFFER OPENS ON</b>	Tuesday, August 10, 2021 <sup>(1)</sup>
<b>BID/ OFFER CLOSES ON</b>	Thursday, August 12, 2021

*(1) Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/ Offer Period was one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations*

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Bid/ Offer Closing Date	Thursday, August 12, 2021
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Wednesday, August 18, 2021
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about Friday, August 20, 2021
Credit of Equity Shares to demat accounts of Allottees	On or about Monday, August 23, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Tuesday, August 24, 2021

*\*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges bidding platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a*

uniform rate of ₹ 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing such delay in unblocking. The GCBRLMs and the BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The post Offer GCBRLMs and the BRLMs shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the investor grievance until the date on which the blocked amounts are unblocked.

**The above timetable is indicative and does not constitute any obligation or liability on our Company, the Selling Shareholders, the GCBRLMs or the BRLMs.**

**Whilst the Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as delay in receiving the final listing and trading approval from the Stock Exchanges, and delay in respect of final certificates from SCSBs. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.**

In terms of the UPI Circulars, in relation to the Offer, the GCBRLMs and the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within six Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.**

**Submission of Bids (other than Bids from Anchor Investors):**

<b>Bid/ Offer Period (except the Bid/ Offer Closing Date)</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
<b>Bid/ Offer Closing Date</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

**On the Bid/ Offer Closing Date, the Bids were required to be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

The Registrar to the Offer was required to submit the details of cancelled/withdrawn/deleted applications to the SCSB’s on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB’s were required to unblock such applications by the closing hours of the Working Day.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/ Offer Closing Date, and in any case no later than 3:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Prospectus is IST. Bidders were cautioned that, in the

event a large number of Bids are received on the Bid/ Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that could not be uploaded will not be considered for allocation under this Offer. Bids were accepted only during Working Days, during the Bid/ Offer Period. Bids were accepted only during Monday to Friday (excluding any public holiday), during the Bid/Offer period. Bids and revisions shall not be accepted on Saturdays and public holidays. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

### **Minimum Subscription**

The requirement of minimum subscription is not applicable to the Offer for Sale in accordance with the SEBI ICDR Regulations. In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid Closing Date, on account of withdrawal of applications or after technical rejections or any other reason, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares offered under the Red Herring Prospectus, the Selling Shareholders, to the extent applicable, and our Company shall forthwith refund the entire subscription amount received. In terms of the SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, our Company shall within four days from the closure of the Offer, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. If there is a delay beyond the prescribed time, the Selling Shareholders, to the extent applicable, and our Company shall pay interest prescribed under the applicable law.

In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the SCRR, Allotment will be first made in the first instance towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made first towards Equity Shares offered pursuant to the Fresh Issue, and only then, towards the Offer for Sale.

Further, the Selling Shareholders and our Company and shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

### **New Financial Instruments**

Our Company is not issuing any new financial instruments through this Offer.

### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

### **Restrictions, if any, on Transfer and Transmission of Equity Shares and on their consolidation or splitting**

Except for lock-in of the pre-Offer capital of our Company, lock-in of the Promoter's minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 76 and except as provided under the AoA, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the AoA. For further details, see "*Description of Equity Shares and terms of Articles of Association*" on page 502.



## OFFER STRUCTURE

Initial public offering of 71,164,509\* Equity Shares of face value of ₹ 5 each for cash at a price of ₹ 541 per Equity Share (including share premium of ₹ 536 per Equity Share) aggregating up to ₹ 38,500 million comprising a Fresh Issue of 24,029,574\* equity shares aggregating up to ₹ 13,000 million and an Offer for Sale of up to 47,134,935\* Equity Shares aggregating up to ₹ 25,500 million by the Selling Shareholders, comprising an offer for sale of up to 45,534,935\* Equity Shares aggregating up to ₹ 24,634.40 million by the Promoter Selling Shareholder, and up to 1,600,000\* Equity Shares aggregating up to ₹ 865.60 million by the Promoter Group Selling Shareholder. The Offer constitutes 45.01% of the post-Offer paid-up equity share capital of our Company.

\*Subject to finalisation of Basis of Allotment

The Offer was made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation <sup>(2)</sup>	Not less than 53,373,383* Equity Shares or the Offer less allocation to RIBs and NIBs subject to the Allocation/Allotment of not less than 75% of the Offer.	Not more than 1,06,74,677* Equity Shares available for allocation or the Offer less allocation to QIB Bidders and Retail Individual Bidders	Not more than 7,116,450* Equity Shares available for allocation or the Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not less than 75% of the Offer was made available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion was made available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion were also eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion was available for allocation to Net QIB Portion.	Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders was available for allocation.	Not more than 10% of the Offer or the Offer less allocation to QIBs and Non- Institutional Bidders was available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) 1,067,468* Equity Shares was made available for allocation on a proportionate basis to Mutual Funds only; and (b) 20,281,886* Equity Shares was made available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. 60% of the QIB Portion (of up to 32,024,029* Equity Shares) was allocated on a discretionary basis to Anchor Investors of which one-third was made available for allocation to Mutual Funds only, subject to valid Bid having been received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For further details see, "Offer Procedure" on page 483
Minimum Bid	Such number of Equity Shares and in multiples of 27 Equity Shares so	Such number of Equity Shares and in multiples of 27 Equity	27 Equity Shares



Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
	that the Bid Amount exceeds ₹200,000	Shares so that the Bid Amount exceeds ₹200,000	
Maximum Bid	Such number of Equity Shares in multiples of 27 Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of 27 Equity Shares so that the Bid does not exceed the Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of 27 Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form		
Bid Lot	27 Equity Shares and in multiples of 27 Equity Shares thereafter		
Allotment Lot	A minimum of 27 Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply <sup>(3)(4)</sup>	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), FVCIs, VCFs, AIFs, multilateral and bilateral financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	<p><b>In case of all other Bidders:</b> Full Bid Amount was required to be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIBs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form</p> <p><b>In case of Anchor Investors:</b> Full Bid Amount was required to be paid by the Anchor Investors at the time of submission of their Bids<sup>(4)</sup></p>		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).		

\* Subject to finalisation of the Basis of Allotment

- (1) Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion was ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion was more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor was required to make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion
- (2) This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(2) of the SEBI ICDR Regulations
- (3) In case of joint Bids, the Bid cum Application Form contained only the name of the first Bidder whose name also appeared as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.
- (4) Full Bid Amount was required to be paid by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price was paid by the Anchor Investor Pay-In Date as indicated in the CAN.

Bids by FPIs with certain structures as described under "Offer Procedure - Bids by FPIs" on page 488 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

*Bidders were required to confirm and were deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Subject to valid Bids having been received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion was allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see “*Terms of the Offer*” on page 474.

## OFFER PROCEDURE

All Bidders were required to read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges, the GCBRLMs and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.

Additionally, all Bidders could refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders/Applicants; (v) Issuance of CAN and Allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form,) designated date, disposal of applications and electronic registration of bids; (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) designated date, (xii) interest in case of delay in allotment or refund; and (xiii) disposal of application.

SEBI vide the UPI Circulars, has introduced an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (“**UPI Phase I**”). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIBs (“**UPI Phase III**”), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 have introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. These circulars, to the extent already in force, are deemed to form part of this Prospectus.

The GCBRLMs and the BRLMs shall be the nodal entity for any issues arising out of public issuance process.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI Circular. No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Our Company, the Selling Shareholders, the GCBRLMs and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which have occurred after the date of the Red Herring Prospectus and which may occur after the date of this Prospectus. Bidders were advised to make their independent investigations and ensure that their Bids were submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

*Further, our Company, the Selling Shareholders and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

### **Book Building Procedure**

The Offer has been made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Offer was required to be Allotted to QIBs on a proportionate basis, provided that our Company, in consultation with the GCBRLMs and the BRLMs may allocated 60% of the QIB Category to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from them at or above the price at which allocation is made to Anchor Investors. 5% of the QIB Category was made available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category was made available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. If at least 75% of the Offer could not be Allotted to QIBs, the Bid Amounts received by our Company was required to be refunded. Further, not more than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges. **Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which did not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, were to be treated as incomplete and were to liable to be rejected. Bidders do not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.**

### **Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

The Offer has been made under UPI Phase II of the UPI Circular.

All SCSBs offering facility of making application in public issues were required to provide facility to make application using UPI. Our Company appointed one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the

Retail Individual Bidders using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges, the GCBRLMs and the BRLMs.

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus were made available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form was also made available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form were made available at the offices of the GCBRLMs and the BRLMs.

All Bidders (other than Anchor Investors) were required to mandatorily participate in the Offer only through the ASBA process. RIBs were mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and were allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism were required to provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that did not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism) were required provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that did not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders were required to ensure that the Bids were made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, could submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account could submit their ASBA Forms with the SCSBs. ASBA Bidders were required to ensure that the ASBA Account had sufficient credit balance such that an amount equivalent to the full Bid Amount could be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. In order to ensure timely information to Bidders, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The Sponsor Bank were required to send details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process to the e-mail address of intermediaries (closed user group) entities periodically in intervals not exceeding three (3) hours. In case of exceptional events such as technical issues with UPI handles/PSPs/TPAPS/SCSBs etc., such events were required to be intimated immediately to the closed user group entities so as to facilitate the flow of information in the Offer process. The Sponsor Bank was required to obtain the relevant information from the Stock Exchanges, the GCBLRMs and the BRLMs for the development of the automated web portal, prior to the Bid/Offer Opening Date.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

<b>Category</b>	<b>Colour of Bid cum Application Form*</b>
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	White

*\*Excluding electronic Bid cum Application Forms*

Notes:

(1) *Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).*

(2) *Bid cum Application Forms for Anchor Investors shall be available at the offices of the GCBRLMs and the BRLMs.*

In case of ASBA Forms, the relevant Designated Intermediaries were required to upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) were required to submit/ deliver the ASBA Forms to the respective SCSB where the Bidder had an ASBA bank account and not submit it to any non-SCSB bank or any Escrow Collection Bank.

The Sponsor Bank was required to initiate request for blocking of funds through NPCI to RIBs, who was required to accept the UPI mandate request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI mandate requests, the Sponsor Bank was required to initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Offer Closing Date (“**Cut-Off Time**”). Accordingly, RIBs Bidding using through the UPI Mechanism were required to accept UPI mandate requests for blocking off funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse. The NPCI was required to maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI was required to share the audit trail of all disputed transactions / investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer were required to provide the audit trail to the GCBRLMs and the BRLMs for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs were required to send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The Sponsor Bank was required to undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and was also required to ensure that all the responses received from NPCI were sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank was required to undertake reconciliation of all Bid requests and responses throughout their lifecycle on a daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks were required to download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

#### **Participation by Promoter and Promoter Group of the Company, the GCBRLMs, the BRLMs and the Syndicate Members and persons related to Promoter/Promoter Group/the GCBRLMs/ the BRLMs**

The GCBRLMs, the BRLMs and the Syndicate Members were not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the GCBRLMs, the BRLMs and the Syndicate Members could Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as were applicable to such Bidders, where the allocation is on a proportionate basis and such subscription could be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, were required to be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the GCBRLMs and the BRLMs or any associates of the GCBRLMs or the BRLMs (except Mutual Funds sponsored by entities which are associates of the GCBRLMs or the BRLMs or insurance companies promoted by entities which are associate of the GCBRLMs or the BRLMs or AIFs sponsored by the entities which are associate of the GCBRLMs or the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the GCBRLMs or the BRLMs) nor; (ii) any “person related to the Promoter / Promoter Group” were permitted to apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who had any of the following rights were deemed to be a “person related to the Promoter or Promoter Group”: (a) rights under a shareholders’ agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our

Board.

Further, an Anchor Investor was deemed to be an associate of the GCBRLMs or the BRLMs, if: (a) either of them controlled, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercised control over the other; or (c) there was a common director, excluding a nominee director, amongst the Anchor Investor, the GCBRLMs and the BRLMs.

The Promoter and one of the members of the Promoter Group, except to the extent of its Offered Shares, and the other members of the Promoter Group were not permitted to participate in the Offer.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, reserved the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund would not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid had been made.

No Mutual Fund scheme was allowed to invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% was not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs were required to obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External ("NRE") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("FCNR") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms were required to authorize their respective SCSB to block their Non-Resident Ordinary ("NRO") accounts or confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism were advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis were advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Participation by Eligible NRIs in the Offer was subject to the FEMA Rules. Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 500.

## **Bids by HUFs**

Hindu Undivided Families or HUFs, were required to be made in the individual name of the *karta*. The Bidder/Applicant was required to specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*”. Bids/Applications by HUFs were considered at par with Bids/Applications from individuals.

## **Bids by FPIs**

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations was required to be attached to the Bid cum Application Form, failing which our Company reserved the right to reject any Bid without assigning any reason.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar to the Offer shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments.

FPIs were permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

- (a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by FPIs submitted under the multiple investment managers structure with the same PAN but with different beneficiary account numbers, Client ID and DP ID may not be treated as multiple Bids.



The FPIs who wished to participate in the Offer were advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN were treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure “**MIM Structure**”) provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, were liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids will be rejected.

### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the SEBI (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company directly or through investment in the units of other Alternative Investment Funds, subject to the conditions prescribed by SEBI. A Category III AIF cannot invest more than 10% of the investible funds in one investee company directly or through investment in the units of other Alternative Investment Funds. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

**All non-resident investors were required to note that refunds (in case of Anchor Investors), dividends and other distributions, if any, were to be paid in Indian Rupees only and net of bank charges and commission.**

Our Company, the Selling Shareholders, the GCBRLMs or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, were required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs reserved the right to reject any Bid without assigning any reason thereof.

### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee were required to be attached to the Bid cum Application Form, failing which our Company and the Selling

Shareholders in consultation with the GCBRLMs and the BRLMs reserved the right to reject any Bid without assigning any reason. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial services company cannot exceed 20% of the investee company's paid up share capital and reserves. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in excess of 30% of the paid-up share capital of the investee company, (ii) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (iii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

### **Bids by SCSBs**

SCSBs participating in the Offer were required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs were required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs reserved the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

- (a) equity shares of a company: the lower of 10%\* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

*\*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer were required to comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund was required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs reserved the right to reject any Bid, without assigning any reason thereof.

### **Bids under power of attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws was required to be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs reserved the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs in their absolute discretion, reserved the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs may deem fit.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, were required to be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs, reserved the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer were required to comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

### **Bids by Anchor Investors**

In accordance with the SEBI Regulations, the key terms for participation by Anchor Investors are provided below:

- 1) Anchor Investor Application Forms were made available for the Anchor Investor Portion at the offices of the GCBRLMs and the BRLMs.
- 2) The Bid was required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid could be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund were aggregated to determine the minimum application size of ₹100 million.
- 3) One-third of the Anchor Investor Portion was reserved for allocation to domestic Mutual Funds.
- 4) Bidding for Anchor Investors was opened one Working Day before the Bid/ Offer Opening Date.
- 5) Our Company and the Selling Shareholders, in consultation with the GCBRLMs and the BRLMs finalized allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion were not less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion was up to ₹100 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion was more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor

Investors for every additional ₹2,500 million, subject to minimum allotment of ₹50 million per Anchor Investor.

- 6) Allocation to Anchor Investors was required to be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation were be made available in the public domain by the GCBRLMs and the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.
- 7) Anchor Investors were not permitted to withdraw or lower the size of their Bids at any stage after submission of the Bid.
- 8) Equity Shares Allotted in the Anchor Investor Portion were required to be locked in for a period of 30 days from the date of Allotment.
- 9) Neither the (a) GCBRLMs or the BRLMs (s) or any associate of the GCBRLMs or the BRLMs (other than mutual funds sponsored by entities which were associate of the GCBRLMs or the BRLMs or insurance companies promoted by entities which were associate of the GCBRLMs or the BRLMs or Alternate Investment Funds (AIFs) sponsored by the entities which were associates of the GCBRLMs or the BRLMs or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which were associate of the GCBRLMs or the BRLMs) nor (b) the Promoter, Promoter Group or any person related to the Promoter or members of the Promoter Group were required to apply under the Anchor Investors category. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion were not required to be considered multiple Bids.

For more information, please read the General Information Document.

In accordance with existing regulations issued by the RBI, OCBs could not participate in the Offer.

**The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders, the GCBRLMs and the BRLMs were not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders were advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and this Prospectus.**

### **Information for Bidders**

The relevant Designated Intermediary was required to enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options were not considered as multiple Bids. It was the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary did not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip was non-negotiable and by itself did not create any obligation of any kind. When a Bidder revises his or her Bid, he /she was required to surrender the earlier Acknowledgement Slip and could request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders, the GCBRLMs and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, the Red Herring Prospectus or this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

### **General Instructions**

***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
7. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;
8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;
11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;
12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
13. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;
14. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

15. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned were liable to be rejected;
16. Ensure that the Demographic Details are updated, true and correct in all respects;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the category and the investor status is indicated;
19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
21. Ensure that the Bidder’s depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;
22. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the “list of mobile applications for using UPI in public issues” displayed on the SEBI website and is also appearing in Annexure ‘A’ to the SEBI circular no.SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;
23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB’s ASBA Account;
24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;
25. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;
26. Ensure that Anchor Investors submit their Bid cum Application Forms only to the GCBRLMs and the BRLMs;

27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected; and
28. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)).

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, were not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which was not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 was liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
7. Do not submit the Bid for an amount more than funds available in your ASBA account.
8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;
10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
11. Anchor Investors should not Bid through the ASBA process;
12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
14. Do not submit the General Index Register (GIR) number instead of the PAN;
15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;
21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
22. Do not Bid for Equity Shares in excess of what is specified for each category;
23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders could revise or withdraw their Bids on or before the Bid/ Offer Closing Date;
25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
27. Do not Bid if you are an OCB;
28. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;
29. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;
30. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and
31. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected.

**The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, were not complied with.**

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For further details of Company Secretary and Compliance Officer, see “*General Information*” on page 66.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Further, for helpline details of the GCBRLMs and the BRLMs pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 see, “*General Information – Global Co-*



*ordinators and the Book Running Lead Managers” and “General Information – Book Running Lead Managers” on pages 67 and 69 respectively.*

### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the GCBRLMs and the BRLMs and the Registrar to the Offer, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

### **Payment into Escrow Account(s) for Anchor Investors**

Our Company and the Selling Shareholders in consultation with the GCBRLMs and the BRLMs, in their absolute discretion, decided the list of Anchor Investors to whom the CAN were required to be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names were to be notified to such Anchor Investors. Anchor Investors were not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors were required to transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) were required to be drawn in favour of:

- (a) In case of resident Anchor Investors: “CHEMPLAST SANMAR LIMITED - IPO ANCHOR ESCROW ACCOUNT - R”
- (b) In case of Non-Resident Anchor Investors: “CHEMPLAST SANMAR LIMITED - IPO ANCHOR ESCROW ACCOUNT- NR”

Anchor Investors were required to note that the escrow mechanism was not prescribed by SEBI and had been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

### **Pre-Offer Advertisement**

Our Company, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of the English national daily newspaper Financial Express, all editions of a Hindi national daily newspaper Jansatta and Chennai editions of a Tamil newspaper Makkal Kural (each of which are widely circulated English, Hindi and Tamil newspapers, respectively, Tamil being the regional language of Tamil Nadu, where our Registered Office is located).

In the pre-Offer advertisement, we stated the Bid/ Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, was in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**The above information was given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholders and the members of the Syndicate were not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders/applicants were advised to make their independent investigations and ensure that the number of Equity Shares Bid for did not exceed the prescribed limits under applicable laws or regulations.**

## Allotment Advertisement

Our Company, the GCBRLMs, the BRLMs and the Registrar to the Offer shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of the English national daily newspaper Financial Express, all editions of a Hindi national daily newspaper Jansatta and Chennai editions of a Tamil newspaper Makkal Kural (each of which are widely circulated English, Hindi and Tamil newspapers, respectively, Tamil being the regional language of Tamil Nadu, where our Registered Office is located).

## Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholders and the Syndicate have entered into an Underwriting Agreement
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus is being filed with the RoC in accordance with applicable law, which then would be termed as this 'Prospectus'. This Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and is complete in all material respects.

## Impersonation

Attention of the applicants was specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

## Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoter's contribution, if any, shall be brought in advance before the Bid/ Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees;
- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

#### **Undertakings by the Selling Shareholders**

The Selling Shareholders undertake that:

- the Equity Shares offered for sale by the Selling Shareholders are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI ICDR Regulations, are fully paid-up and are in dematerialised form;
- it shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to the Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer;
- it is the legal and beneficial owner of, and has clear and marketable title to, the Equity Shares which are offered by it pursuant to the Offer for Sale; and
- it shall not have recourse to the proceeds of the Offer, which shall be held in escrow in its favour, until final approval for trading of the Equity Shares from the Stock Exchanges where listing is sought has been received.

#### **Utilisation of Offer Proceeds**

Our Company and the Selling Shareholders specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Further, details of all utilised monies out of the Fresh Issue shall be disclosed, and continued to be disclosed till any part of the Offer proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised or invested.

Details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) (“**DPIIT**”), issued the FDI Policy, which is effect from October 15, 2020, which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. For further details, see “*Key Regulations and Policies*” on page 157.

Under the current FDI Policy, 100% foreign direct investment is permitted in manufacturing sector, under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. For further details of the aggregate limit for investments by NRIs and FPIs in our Company, see “*Offer Procedure – Bids by Eligible NRIs*” and “*Offer Procedure – Bids by FPIs*” on page 487.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see “*Offer Procedure*” on page 483.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in offshore transactions as defined in and in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where such offers and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The above information was given for the benefit of the Bidders. Our Company, the Selling Shareholders, the GCBRLMs and the BRLMs were not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders were advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

## **SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION**

*Pursuant to the Companies Act and the SEBI ICDR Regulations, the main provisions of our Articles of Association relating to, among others, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/sub-division are detailed below. Subject to our Articles, any words or expression defined in the Companies Act, 2013 shall, except so where the subject or context forbids; bear the same meaning in these Articles.*

### **Authorised Share Capital**

The authorized share capital of the Company shall be such amount, divided into such class(es), denomination(s) and number of shares in the Company as stated in Clause V of the MoA or as altered from time to time, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for the time being into other classes and to attach thereto such preferential, convertible, deferred, qualified, or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the Articles of the Company.

### **Alteration of Capital**

Power to sub-divide, consolidate and cancel share certificate.

The Company may, by ordinary resolution, from time to time, alter the conditions of MoA as follows:

- a) Increase the authorised share capital by such amount to be divided into shares of such amount as resolution shall prescribe;
- b) Consolidate and divide all or any its share capital into shares of larger amount than its existing shares; provided that any consolidation and division which results in changes in the voting percentage of Members shall require applicable approvals under the Act;
- c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by MoA, however that, in the sub-division, the proportion between the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived;
- d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person; and
- e) Convert all or any one its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination.

### **Allotment of Shares**

Subject to the provisions of the Act and the AoA, the shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person the option or right to call for any shares either at par or premium during such time and for such consideration as the Board think fit.

### **Consolidated and Sub-division**

The Company may by an ordinary resolution:

- a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- b) Sub-divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association so however that, in the sub-division, the proportion between the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived;
- c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

## **Forfeiture and Lien**

The Company shall subject to applicable law have a first and paramount lien on every share / debenture (not being a fully paid share / debenture) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that share / debenture and no equitable interest in any share shall be created upon the footing and condition that this article will have full effect and such lien shall extend to all dividends from time to time declared in respect of such shares and bonus shares declared from time to time in respect of such shares / debentures. Unless otherwise agreed, the registration of a transfer of shares / debentures shall operate as a waiver of the company's lien, if any, on such shares. The Directors may at any time declare any shares /debentures wholly or in part to be exempt from the provisions of this clause.

## **Certificate**

Every Member of the Company shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors approve (upon paying such fee as the Board so determine) The Company shall within two (2) months from the date of allotment, , unless the conditions of issue thereof otherwise provide, or within six (6) months from the date of allotment of debentures and within one (1) month of the receipt of application of registration of transfer, transmission, sub division, consolidation or renewal of any of its shares as the case maybe of any such shares or debentures is lodged with the company, complete and have ready for delivery the certificates of all shares and debentures allotted or transferred, unless the conditions of issue of the shares or debentures otherwise provide. The provisions of the Act shall be complied with in the issue, reissue, renewal of share certificates and the format, sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said Act.

Every certificate of shares shall be under the Seal of the Company and shall specify the shares to which it relates and the amount paid-up thereon.

If any certificate be worn out, defaced, mutilated, lost or destroyed , then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every fresh certificate shall be issued on payment of such fee, if any, as may be determined by the Board not exceeding ₹ 20 only every such certificate and on such terms as to evidence and indemnity, and the payment of out of pocket expenses incurred by the company in investigating the evidence, as the Board may think fit. But no fee shall be charged for issue of certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised. All such certificates shall be marked 'Duplicate'. No fee shall be charged for transfer of shares or transmission of shares or for the registration of any power of attorney, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document or Memorandum and Articles or other similar documents.

## **Transfer of Shares**

The instrument of transfer of any share shall be in writing and all the provisions of the Act shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use the common form of transfer, as prescribed under the Act, in all cases. No instrument of transfer/ common form of transfer shall be necessary as regards transfer of shares or other securities held in dematerialized form and such transfers shall be registered in accordance with the applicable regulations of the Depositories Act, 1996. The Board may decline to transfer of securities of the company, other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer/common form of transfer in writing as prescribed in the Rules made under sub-section (1) of Section 56 of the Act, duly stamped, dated and executed by or on behalf of the transferor and the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the company by the transferor or the transferee within a period of sixty days from the date of execution, along with the certificate relating to the securities, or if no such certificate is in existence, along with the letter of allotment of securities.

## **Transmission of shares**

In the event of death of any one or more of the joint holders of any registered shares, the survivor or survivors shall alone be recognised by the company as having any title to or interest in such shares. In the event of the death of any sole holder or of the death of the last surviving holder, the executors or administrators or other person legally entitled to the shares shall be entitled to be recognised by the company as having title to the shares of the deceased. Provided that on the production of such evidence as to title and on such indemnity or other terms as the Board may deem sufficient, any person may be recognised as having title to the shares as heir or legal representative of the deceased shareholder. Provided further that if the member had been a member of a joint Hindu family, the Board, on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise the survivors or the karta thereof as having title to the shares registered in the name of such member. Provided further that in any case it shall be lawful for the Board in its absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as to the Board may seem just.

No fee shall be charged for transfer of shares or transmission of shares or for the registration of any power of attorney, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document or Memorandum and Articles or other similar documents.

## **Borrowing Powers**

The Board may, from time to time, at its discretion subject to Sections 179 and 180 of the Act, raise any money or borrow either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the company; provided that the moneys to be borrowed, together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business), shall not except with the sanction by a special resolution of the company in a general meeting exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.

## **General Meetings**

All General Meetings of the Company other than the Annual General Meeting shall be called an Extra-ordinary General Meeting. The notice of a General Meeting shall be given to all the shareholders and to such persons as are, under the Act and/or the Articles of Association, entitled to receive such notice from the Company. Annual general meeting(s) shall be held in each calendar year within six months from the closing of the financial year provided that not more than fifteen months shall elapse between the date of one annual general meeting and that of the next.

## **Meetings of Directors**

The Board of Directors shall meet at least four times every year with a maximum gap of 120 days between two meetings of the Board for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director and every alternate Director at his usual address whether in India or abroad.

The quorum for a meeting of the Board shall be one third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher and the participation of the Directors by video conferencing or by other audio visual means shall also be counted for the purposes of quorum. If within half an hour from the time appointed for a meeting of the Board, a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved, and in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and such other time and place as the Board may determine, and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum.

## **Managing Directors**

Subject to the provisions of Section 196, 197 and 203 of the Companies Act and of the Articles of Association, the business of the Company shall subject to the supervision, control and directions of the Board, be carried on and managed by one or more managing director. The Board of Directors or the Company in general meeting



may appoint any director or directors to be the managing director or managing directors of the Company.

The said managing director or managing directors shall be paid such remuneration as the company in the general meeting shall determine. Any managing director so appointed shall not whilst holding that office, be subject to retirement by rotation, or be taken into account, in determining the rotation of Directors.

### **Appointment of Directors**

Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company in general meeting may by a special resolution increase the number of Directors within these limits. Not less than two-thirds of the total number of directors for the time being shall be persons whose period of office is liable to determination by retirement by rotation and their appointment shall, save as otherwise expressly provided in these presents, be by the Company in general meeting by resolution.

### **Votes of Members**

On a show of hands, every member present in person or by a representative of a member company or a body corporate appointed under the provisions of the AoA, such member or member company or body corporate being entitled to vote on the question, shall have one vote. A proxy shall not be entitled to vote except on a poll. Subject to the provisions of the Act, a member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes in the same way.

A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights, provided that a member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

### **Dividend**

The Company in General Meeting may declare the dividends, but no dividend shall exceed the amount recommended by the Board. The Board may from time to time pay to the Members such interim dividends of such amount as appear to it to be justified by the profits of the Company.

All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. No dividend shall bear interest against the Company.

### **Unpaid or Unclaimed Dividend**

The Board may deal with unclaimed dividends, subject to the requirements of Section 123 of the Act.

Where a dividend has been declared by the Company but has not been paid or claimed within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, such period as prescribed under the applicable law, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend Account".

Any money transferred to the "Unpaid Dividend Account" of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer shall be transferred by the Company along with interest accrued, if any, thereon to the Investor Education and Protection Fund established under sub-section (1) of Section 125 of the Act.

### **Winding Up**

Subject to the provisions of applicable law, on a winding up, the net assets available for distribution shall be

applied first for payment of all arrears of dividend, whether earned, declared, or not, on the preference shares, if any, as at the commencement of the winding up; secondly for repayment to the preference shareholders of the amount of capital paid up on the preference shares and the balance, if any, shall be divided among the equity shareholders in proportion to the amounts paid up on the equity share capital held by them as at the commencement of the winding up.

### **Indemnity**

Every Director, or officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, officer, employee or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under Section 463 of the Act in which relief is granted to him by the court.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and subsisting contracts, which have been entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Red Herring Prospectus) which were, deemed material, were attached to the copy of the Red Herring Prospectus filed with the RoC and to the copy of this Prospectus, as applicable, which will be delivered to the RoC for filing. Copies of the abovementioned documents and contracts, and also the documents for inspection referred to hereunder, were available for inspection at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required, in the interest of our Company, or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions of the Companies Act and other applicable law.

#### **A. Material Contracts for the Offer**

1. Offer Agreement dated April 30, 2021, as amended on August 2, 2021 between our Company, the Selling Shareholders, the GCBRLMs and the BRLMs.
2. Registrar Agreement dated April 30, 2021 between our Company, the Selling Shareholders and the Registrar to the Offer.
3. Monitoring Agency Agreement dated July 31, 2021 entered into between our Company and the Monitoring Agency.
4. Cash Escrow and Sponsor Bank Agreement dated July 31, 2021 between our Company, the Selling Shareholders, the Registrar to the Offer, the GCBRLMs, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Bank and the Refund Bank(s).
5. Share Escrow Agreement dated July 28, 2021, as amended on August 2, 2021 between our Company, the Selling Shareholders and the Share Escrow Agent.
6. Syndicate Agreement dated July 31, 2021 between our Company, the Selling Shareholders, the GCBRLMs, the BRLMs and the Syndicate Members.
7. Underwriting Agreement dated August 13, 2021 between our Company, the Selling Shareholders and the Underwriters.

#### **B. Material Documents**

1. Certified copies of the MoA and AoA of our Company, as amended.
2. Certificate of incorporation dated March 13, 1985.
3. Fresh certificate of incorporation dated May 15, 1992 issued by the RoC to our Company pursuant to change of name.
4. Fresh certificate of incorporation dated September 28, 1995 issued by the RoC to our Company pursuant to change of name.
5. Certificate for commencement of business dated April 2, 1985.
6. Resolution of the Board dated April 15, 2021, as amended by a resolution of our IPO Committee dated July 29, 2021 and resolution by our Shareholders dated April 27, 2021, respectively, in relation to the Offer and other related matters.
7. Resolution of our Board dated April 26, 2021 approving the DRHP.

8. Resolution of our Board dated August 13, 2021 approving this Prospectus.
9. Copies of the annual reports of our Company for the Financial Years 2021, 2020 and 2019.
10. The independent auditors' examination report of the Statutory Auditor, on our Restated Consolidated Summary Statements, included in this Prospectus along with the Restated Consolidated Summary Statements.
11. The statement of special tax benefits dated July 17, 2021 issued by the Statutory Auditors.
12. Written consent of the Directors, Company Secretary and Compliance Officer, Promoter, Key Managerial Personnel, the GCBRLMs, the BRLMs, the Syndicate Members, Legal Counsel to our Company and Selling Shareholders as to Indian law, Legal Counsel to the GCBRLMs and the BRLMs as to Indian Law, International Legal Counsel to the GCBRLMs and the BRLMs, lenders to our Company, Registrar to the Offer, Registrar to the Company, Escrow Collection Bank(s), Public Offer Bank(s), Refund Bank(s), Sponsor Bank, Bankers to our Company, as referred to in their specific capacities.
13. Written consent dated August 13, 2021 from S.R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of (i) their examination report dated July 16, 2021 on our Restated Consolidated Summary Statements; and (ii) their report dated July 17, 2021 on the Statement of Special Tax Benefits in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act;
14. Written consent of V. Krishnan and R. Narasimhan, Independent Chartered Engineers, dated July 17, 2021, to include their name as required under the Companies Act in this Prospectus and as an "expert" as defined under the Companies Act.
15. Written consent of S K Patodia & Associates, the Independent Chartered Accountant, dated August 2, 2021, to include their name as required under the Companies Act in this Prospectus and as an "expert" as defined under the Companies Act.
16. Joint venture agreement dated November 26, 2016 entered into by and between Kem One SAS France and our Company.
17. Composite Scheme of Arrangement amongst our Company, Sanmar Speciality Chemicals Limited, CCVL, SESL, SHL Securities (Alpha) Limited, and their respective shareholders and creditors.
18. Amended and restated shareholders' agreement dated April 23, 2019 entered into between SESL, Greenvalley Investments (Alpha) Limited, SHL Research Foundation, NS Family Consolidations Private Limited, NS Family Investments Private Limited, N. Sankar and his heirs, and FIH Mauritius Investments Ltd read with the amendment agreement dated April 28, 2021.
19. Waiver letters issued by each of Greenvalley Investments (Alpha) Limited, FIH Mauritius Investments Ltd, Sanmar Engineering Services Limited, SHL Research Foundation, NS Family Consolidations Private Limited, NS Family Investments Private Limited and N Sankar.
20. Grant letter dated May 20, 2019 issued by our Company to CCVL for use of the tradename and trademark 'CHEMPLAST'.
21. Letter dated March 22, 2021 issued by SHL to our Company for use of the tradename and trademark 'S Sanmar'.

22. Consent from CRISIL dated April 29, 2021 and the Report titled 'Market assessment of PVC, caustic soda, chloromethane, hydrogen peroxide and custom manufacturing' dated March 2021, issued by CRISIL.
23. Appointment letter dated January 23, 2021, for appointment of CRISIL.
24. Consent letters from the Selling Shareholders, authorising its participation in the Offer.
25. Due diligence certificate dated April 30, 2021, addressed to SEBI from the GCBRLMs and the BRLMs.
26. In – principle approvals dated May 27, 2021 and June 11, 2021 issued by BSE and NSE, respectively.
27. Tripartite agreement dated June 18, 2021 between our Company, NSDL and the Registrar to the Company.
28. Tripartite agreement dated June 25, 2021 between our Company, CDSL and the Registrar to the Company.
29. SEBI interim observation letter bearing reference number SEBI/CFD/DIL1/2021/10978 dated May 27, 2021 and SEBI observation letter bearing reference number SEBI/CFD/DIL1/2021/14148 dated July 2, 2021.

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines / regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Vijay Sankar**  
*Chairman and Non – executive Director*

**Place:** Chennai

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Ramkumar Shankar**  
*Managing Director*

**Place:** Chennai

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Chandran Ratnaswami**

*Non – executive Director*

**Place:** Toronto

**Date:** August 13, 2021



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Amarnath Ananthanarayanan**

*Non – executive Director*

**Place:** Chennai

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Dr. Lakshmi Vijayakumar**  
*Independent Director*

**Place:**

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Aditya Jain**  
*Independent Director*

**Place:**

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Sanjay Vijay Bhandarkar**  
*Independent Director*

**Place:**

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Prasad Raghava Menon**  
*Independent Director*

**Place:**

**Date:** August 13, 2021

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

### **SIGNED BY THE CHIEF FINANCIAL OFFICER**

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**Meenakshisundaram Chandrasekar**

**Place:**

**Date:** August 13, 2021

## **DECLARATION BY THE PROMOTER SELLING SHAREHOLDER**

Sanmar Holdings Limited hereby confirms and certifies that all statements, disclosures and undertakings made or confirmed by it in this Prospectus about or in relation to itself, as the Promoter Selling Shareholder and its portion of the Offered Shares, are true and correct. It assumes no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Prospectus.

### **SIGNED FOR AND ON BEHALF OF SANMAR HOLDINGS LIMITED**

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**Name:** Vijay Sankar

**Designation:** Director

**Place:**

**Date:** August 13, 2021

## **DECLARATION BY THE PROMOTER GROUP SELLING SHAREHOLDER**

Sanmar Engineering Services Limited hereby confirms and certifies that all statements, disclosures and undertakings made or confirmed by it in this Prospectus about or in relation to itself, as the Promoter Group Selling Shareholder and its portion of the Offered Shares, are true and correct. It assumes no responsibility as the Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings, including any statements made or confirmed by, or relating to, the Company or any other person(s) in this Prospectus.

## **SIGNED FOR AND ON BEHALF OF SANMAR ENGINEERING SERVICES LIMITED**

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**Name:** T C A Varadharajan

**Designation:** Company Secretary

**Place:**

**Date:** August 13, 2021