SMARTCHEM TECHNOLOGIES LIMITED

FUTURE READY

Transforming from Commodity to Specialty

Industrial Chemicals

Crop Nutrition

Mining Chemicals

Smartchem Technologies Limited
100% subsidiary of Deepak Fertilisers And Petrochemicals Corp. Ltd.

Annual Report 2020-21

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Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

NOTICE

SMARTCHEM TECHNOLOGIES LIMITED

Registered Office: Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036
CIN: U67120PN1987PLC166034 | Website: www.smartchem.co.in | Tel.: +91 20 6645 8000

NOTICE is hereby given that **Thirty-Fourth** Annual General Meeting of the Members of **SMARTCHEM TECHNOLOGIES LIMITED** will be held on **Tuesday, 10th August 2021** at **09:30 a.m.** at the Registered Office of the Company at Sai Hira, Survey No. 93, Mundhwa, Pune – 411 036 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2021, and the Board's Report and Report of the Auditors thereon.

2. To appoint a director in place of Shri Sailesh C. Mehta (DIN: 00128204), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Dr. T. K. Chatterjee (DIN: 00118123), who retires by rotation and being eligible, offers himself for re-appointment.

4. Re-appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as Statutory Auditors.

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 {including any statutory modification(s) or re-enactment thereof, for the time being in force} and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W), be and are hereby re-appointed as Statutory Auditors of the Company who shall hold office for the second term for a period of 5 years, from the conclusion of this Annual General Meeting until the conclusion of the 39th Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors in consultation with the Auditors, plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

SPECIAL BUSINESS

5. To ratify the remuneration to be paid to the Cost Auditors of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 {including any statutory modification(s) or re-enactment thereof, for the time being in force}, and based on the recommendation of the Audit Committee and approval of the Board of Directors of the Company, the remuneration payable to M/s Harshad S. Deshpande & Associates, (Firm Registration No. 00378) appointed as Cost Auditors of the Company to conduct the Cost Audit of all applicable products for the Financial Year ending 31st March 2022, amount to ₹ 2.75 Lakhs (Rupees Two Lakhs Seventy-Five Thousand only) plus taxes as applicable and reimbursement of travel and out-of-pocket expenses in connection with the said audit, be and is hereby ratified and confirmed.

   RESOLVED FURTHER THAT any Director or Chief Financial Officer or Company Secretary of the Company be and is hereby authorised to do and perform all such other acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. To consider appointment of Shri Sailesh C. Mehta as the Managing Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 197, 198, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, {including any statutory modification(s) or re-enactment thereof, for the time being in force}, and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the appointment of Shri Sailesh C. Mehta, as the Managing Director of the Company for a period of five years with effect from 1st June 2021 and designated as Chairman and Managing Director of the Company, on the terms and conditions including remuneration as set out in the Explanatory Statement to Item No. 6 of this Notice convening the Annual General Meeting.

RESOLVED FURTHER THAT Shri Sailesh C. Mehta shall draw remuneration (either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other) from the Company, as may be decided by the Board of Directors of the Company from time to time, not exceeding ten percent of the net profits of the Company computed in the manner set out in Section 198 read with Schedule V of the Companies Act, 2013 {including any statutory modification(s) or re-enactment thereof, for the time being in force}.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised with liberty to alter or vary the terms and conditions of the said appointment including remuneration, so long as it does not exceed the overall limits as mentioned aforesaid, and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution"

7. To consider and approve increase in the overall Managerial Remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 197 of the Companies Act, 2013 as amended, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder {including any statutory modification(s) or re-enactment thereof, for the time being in force} and pursuant to the recommendation of Board of Directors, the approval of the members of the Company be and is here by accorded in increase the overall limit of managerial remuneration payable by the Company in respect of any financial year upto 16% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 of the Companies Act, 2013 as amended, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder {including any statutory modification(s) or re-enactment thereof, for the time being in force} and pursuant to the recommendation of Board of Directors, the approval of the members of the Company be and is hereby also accorded for payment of remuneration to the whole-time directors / executive directors of the Company upto 15% of the net profits of the Company computed in any financial year in the manner laid down in Section 198 of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps and to do all other acts, deeds and things as may be necessary or desirable to give effect to this resolution."

8. To consider and approve appointment of Ms. Rajvee Mehta at Office or place of profit as Associate Vice President - TAN Business Strategy, in line with the general policies and practices of the Company, and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 188(1)(f) and any other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, including statutory modifications thereto for the time being in force and based on the recommendation of the Board of the Directors of the Company, the approval of the shareholders be and is hereby accorded for the appointment of Ms. Rajvee Mehta as Associate Vice President - TAN Business Strategy in the Company w.e.f. 1st June 2021, upon the following terms and conditions including remuneration:

a) ₹ 42 Lakhs per annum as by way of fixed remuneration; and

b) Target Variable pay of ₹ 10,12,500/- as applicable to employees at Associate Vice President level. The actual variable pay-out is capped at 160% of the target variable pay and is linked to Company, sector, function, individual performance.

with liberty to the management to allocate the amounts towards the salary components in the fixed salary subject to there being no change in the overall fixed remuneration of Ms. Rajvee Mehta and to consider further increase in remuneration (fixed and target variable pay) by the management as per the policy of the Company and promotion as deemed appropriate by the Company from next year onwards as per the policy of the Company.

RESOLVED FURTHER THAT the any one of the Director, Chief Financial Officer and Company Secretary of the Company be and are hereby authorised severally to do all such acts, deeds and things and to take all such further actions to give effect to the resolution."

Date: 9th August, 2021

By Order of the Board of Directors

Registered Office:
Sai Hira, Survey No. 93,
Mundhwa, Pune - 411 036

Pankaj Gupta
Company Secretary
M. No.: FCS9219

■ NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. An Explanatory Statement as required by Section 102 of the Companies Act, 2013 in respect of Special Business as set out above is annexed hereto.

3. Members are requested to intimate the Company change in their address, if any, with Pin Code number, quoting Registered Folio Number in respect of shares held in physical form and to their respective Depository participants in respect of shares held in electronic form citing reference of their Client Id and DP ID.

4. All Proxyholder should carry their identity card at the time of attending the Meeting.

5. Proxies Register is open for inspection during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the meeting. Inspection shall be allowed between 11 A.M. and 1 P.M.

6. The Members/Proxies should fill the Attendance Slip for attending the Meeting.

7. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all the working days, except Saturdays, Sundays and public holidays, between 11.00 A.M. and 1.00 P.M., upto the date of the AGM.

8. Record date to determine entitlement of members to attend and vote at the Annual General Meeting is 6th August 2021 A person who is not a member as on the cut-off date should treat the notice for information purpose only.

9. Corporate Members intending to send their Authorised Representatives to attend the Annual General Meeting are requested to send a certified copy of the appropriate resolution, as applicable authorising their representative to attend and vote on their behalf at the Annual General Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013.

Item No. 4:

The members of the Company at the Thirtieth Annual General Meeting held on 21st September 2017, had approved the appointment of M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors of the Company for the first term for a period of four years i.e. from the conclusion of Thirtieth Annual General Meeting until the conclusion of the Thirty-Fourth Annual General Meeting. M/s. B. K. Khare & Co. will be completing their present term on conclusion of this Annual General Meeting in terms of the said approval and Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company, on the recommendation of the Audit Committee, recommended for the approval of the Members, the appointment of M/s. B. K. Khare & Co., Chartered Accountants, as the Statutory Auditors of the Company for the second term for a period of 5 years, from the conclusion of this Annual General Meeting until the conclusion of the 39th Annual General Meeting of the Company.

The Board and Audit Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. B. K. Khare & Co. to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

Considering the above, the Board and Audit Committee are of the view that continuance of M/s. B. K. Khare & Co., Chartered Accountants as Auditors of the Company will be beneficial to the Company, shareholders and other stakeholders as well, therefore recommends their appointment as the Statutory Auditors of the Company for further period of 5 years from the conclusion of the ensuing Annual General Meeting until the conclusion of Annual General Meeting to be held in the year 2026 i.e. the 39th Annual General Meeting.

M/s. B. K. Khare & Co., Chartered Accountants, have conveyed their consent to be re- appointed as the Statutory Auditors of the Company along with the requisite confirmation that, their appointment, if made by the shareholders, would be within the limits prescribed under the Companies Act, 2013.

The Board of Directors recommends the proposed resolution for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above-mentioned resolution.

Item No. 5:

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors (Board) shall appoint an Individual who is Cost Accountant in practice, or a firm of Cost Accountants in practice, as Cost Auditor on the recommendation of the Audit Committee, which shall also recommend remuneration for such auditor.

On recommendation of Audit Committee, the Board at their meeting held on 27th May 2021 has considered and approved appointment of M/s Harshad Deshpande & Associates, (Firm Registration No. 00378), Cost Accountants, for conducting Cost Audit of all applicable products at a remuneration of ₹ 2.75 Lakhs (Rupees Two Lakhs Seventy-Five Thousand only) plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the Financial Year ending 31st March 2022.

The Board of Directors recommends the proposed resolution for the approval of the Members of the Company.

None of the Directors or Key Managerial Personnel or their relative(s) is / are in any way concerned or interested, in passing of the above-mentioned resolution.

Item No. 6:

Consequent to the re-structuring exercise in 2017, the size and affairs of Company has increased manifold and accordingly it is felt pertinent to appoint someone at the helm of the Company who possesses vast and rich experience and who can shoulder the increasing responsibilities of this dynamic and rapidly growing organization.

Further, the ammonia plant is also being set-up by the subsidiary of the Company, Performance Chemiserve Limited.

Currently, Shri Sailesh C. Mehta is the Chairman (Non-executive) of the Company and also CMD of Holding Company, Deepak Fertilisers and Petrochemicals Corporation Limited. Considering the knowledge, expertise, experience, leadership etc., it is proposed that Shri Sailesh C. Mehta be appointed as Managing Director of the Company.

Shri Sailesh C. Mehta is an Industrialist with rich business and management experience. He is a B.Com graduate and MBA from USA. He has an experience of around 3 decades.

Pursuant to the provisions of Section 203 of Companies Act, 2013 a company may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting.

Accordingly, the Nomination and Remuneration Committee and the Board at their respective meetings held on 27th May 2021 have unanimously approved the appointment of Shri Sailesh C. Mehta as Managing Director of the Company for the period of 5 years w.e.f. 1st June 2021 and designated as Chairman and Managing Director of the Company.

Shri Sailesh C. Mehta shall draw remuneration (either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other) from the Company, as may be decided by the Board of Directors of the Company from time to time, net exceeding ten percent of the net profits of the Company computed in the manner set out in Section 198 read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force).

In the absence of or inadequacy of profits, Shri Sailesh C. Mehta shall draw minimum remuneration subject to the applicable provisions of the Companies Act, 2013.

Shri Sailesh C. Mehta satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Section 196 (3) of the Act for being eligible for his appointment. Shri Sailesh C. Mehta is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Given the vast practical experience of Shri Sailesh C. Mehta in the business, your directors recommend the Special Resolution at Item No. 6 for approval by the Members of the Company.

Except for Shri Sailesh C. Mehta, Mrs. Parul S. Mehta and Shri Yeshil S. Mehta, none of the directors or key managerial of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

Item No. 7:

As per provisions of Section 197 of the Companies Act, 2013, as amended, the total managerial remuneration payable by the Company to its directors, including managing director and whole-time director and its manager in respect of any financial year shall not exceed 11 percent of the net profits of the Company calculated as per the Section 198 of the Companies Act, 2013, subject to the approval of the members of the Company.

Further, pursuant to the provisions of the Section 197 of the Companies Act, 2013, as amended, remuneration payable in case of more than one whole-time director shall not exceed ten percent of the new profits of the Company, unless approved by the members of the Company.

Accordingly, the Nomination and Remuneration Committee and the Board of the Directors of the Company at their respective meetings held on 27th May 2021 have considered and approved the payment of overall managerial remuneration exceeding 11 percent of net profits of the Company and also approved payment of remuneration to the whole-time directors of the Company exceeding 10 percent of the net profits of the Company, subject to the approval of the shareholders of the Company.

Accordingly, the Board recommends the special resolution set out at item no. 7 for approval of the Members of the Company.

Except for Shri Sailesh C. Mehta, Mrs. Parul S. Mehta and Shri Yeshil S. Mehta, none of the directors or key managerial of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

Item No. 8:

Ms. Rajvee Mehta, daughter of Shri Sailesh C. Mehta and Mrs. Parul S. Mehta, has been associated with Deepak Fertilisers and Petrochemicals Corporation Limited ("DFPCL"), the Holding Company, as Associate Vice President (HR) ("AVP-HR") at an annual fixed remuneration of ₹ 30 Lakhs per annum since September 2018.

The Brief profile of Ms. Rajvee Mehta is, as given below:

Ms. Rajvee Mehta has done her Master's in Business Administration (MBA) from the prestigious London Business School with a concentration in Organisational Behavior and Psychology. Apart from this she has done various courses in Strategy. In her role as Associate Vice President (HR), she had been supporting DFPCL on key HR change management interventions. Her performance in DFPCL has been "very good" and she has been instrumental in driving change interventions like HR process Audit, Crafting and stabilizing onboarding process, Sales incentive plan for TAN frontline sales team, Organisation structure redesign for TAN, Organisation redesign work for Finance and support function, Crafting Employee value proposition, Integration of Srikakulam Unit with DFPCL larger system, Focused intervention in CNB to improve recruitment process & reducing MDO attritions etc.

The Company proposes to engage the services of Ms. Rajvee Mehta as AVP – TAN Business Strategy and Transformation as by way of transfer of services from DFPCL w.e.f. 1st June 2021.

In her new role she will be responsible for articulation of TAN strategy involving segmental deep dive, which will comprise of segmental key needs, TAN's value proposition for each segment along with cost to serve and ROI, competition landscape assessment, case studies and best practices in the global explosives industry. She will be reporting to TAN Sector Head.

Section 188 of the Companies Act, 2013 read with Rules made there under provide that the monthly remuneration to any office or place of profit in the Company shall not exceed two and a half lakh rupees (₹ 30 Lakhs p.a.), without approval of Shareholders of the Company.

In view of the cap in the amount of compensation to Ms. Rajvee Mehta, holding Office or place of Profit in terms of the provisions of the Companies Act, 2013, DFPCL has not revised the remuneration of Ms. Rajvee Mehta since her appointment. Further, she has also not been paid any variable pay for 2018-19 and 2019-20 which is generally paid to all the employees.

The range of compensation structure at the level of AVP [Grade - M3] in the Company is, as under:

(AVP) Grade -M3	Fixed CTC ₹ in Lakhs p. a.	Target Variable Pay ₹ in Lakhs p. a.	Total CTC ₹ in Lakhs p. a.
Min	40.00	10.125	50.125
Max	58.91	10.125	69.035
Median	49.49	10.125	59.615
Average	48.71	10.125	58.835

The Shareholders may note that the Target Variable Pay is based on Company, Sector/Function/individual performance and maximum payout is capped at 160% of target Variable pay. The current target variable pay of ₹ 10.125 Lakhs per annum translates to approx. 17% - 25% of total fixed remuneration for employees at this grade.

The remuneration proposed for Ms. Rajvee Mehta is, as under:

a) Payment of ₹ 42 Lakhs per annum as by way of fixed remuneration; and

b) Target Variable pay of ₹ 10,12,500/- as applicable to employees at AVP level. The actual variable pay-out is capped at 160% of the target variable pay and is linked to Company, sector, function, individual performance.

with liberty to the management to allocate the amounts towards the salary components in the fixed salary subject to there being no change in the overall fixed remuneration of Ms. Rajvee Mehta and to consider further increase in remuneration (fixed and target variable pay) by the management as per the policy of the Company and promotion as deemed appropriate by the Company from next year onwards as per the policy of the Company.

The Shareholders may note that the proposed remuneration of Ms. Rajvee Mehta is thus, in line with the remuneration presently being paid to the employees in the cadre.

Further, the information as required to be provided as per Rule 15 of Chapter XII of the Companies Act, 2013 is as given below:

Name of the Related Party	Name of the director, who is related	Nature of relationship	Nature, material terms, monetary value and particulars of the Contract and arrangement	Any other information relevant or important
Ms. Rajvee Mehta	Shri Sailesh C. Mehta, Shri Yeshil S. Mehta and Smt. Parul S. Mehta	Ms. Rajvee Mehta is the daughter of Shri Sailesh C. Mehta and Smt. Parul S. Mehta and Sister of Shri Yeshil S. Mehta	As mentioned above.	A brief profile of Ms. Rajvee Mehta is given above

In line with the general policies and practices of the Company, the Audit Committee and the Board of Directors of the Company at their meetings held on 27th May 2021 have approved the appointment of Ms. Rajvee Mehta, subject to the approval of the shareholders.

Further, the Audit Committee and the Board of Directors of the DFPCL at their respective meetings held on 27th May 2021 and 28th May 2021 have approved the appointment of Ms. Rajvee Mehta, subject to the approval of the shareholders of the Company.

In view of the above, the Board of Directors recommends Special Resolution set out at Item No. 8 for approval by the Members of the Company.

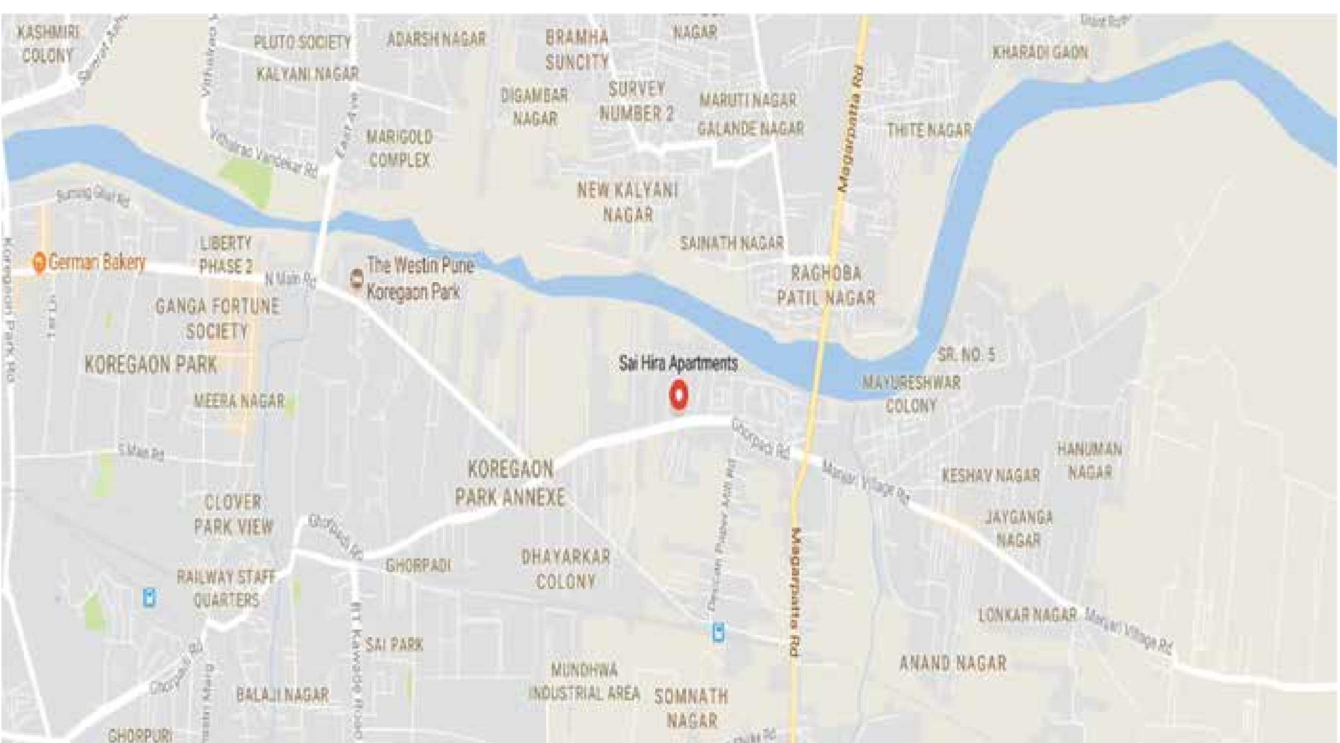
Except for Shri Sailesh C. Mehta, Mrs. Parul S. Mehta and Shri Yeshil S. Mehta, being related to Ms. Rajvee Mehta, none of the directors or key managerial of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

By Order of the Board of Directors

Pankaj Gupta
Company Secretary
M. No.: FCS9219

Date: 9th August, 2021
Place: Pune

Map of Venue of Thirty-Fourth Annual General Meeting



BOARD'S REPORT

To the Members

Your Board of Directors have pleasure in presenting the Thirty-Fourth Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March 2021.

1. FINANCIAL RESULTS

The summarised financial results are as under:

(₹ in Crore)

Particulars	2020-21	2019-20
Total Income	3,916.43	3,164.65
Total Expenses	3,671.84	3,149.85
Profit /(Loss) Before Tax (PBT)	245.59	14.80
Less:		
a) Provision for Income Tax	133.33	2.14
b) Provision for Deferred Tax (Credit)/Charges	(89.15)	3.28
Profit After Tax (PAT)	200.41	9.38
Other Comprehensive Income (net of tax)	(2.12)	(3.48)
Total Comprehensive Income	198.29	5.90

2. STATE OF COMPANY'S AFFAIRS

Your Company has achieved total income of ₹ 3,916.43 Crore during the financial year under review as against previous financial year's level of ₹ 3,164.65 Crore. The performance of both the business segments Crop Nutrition Business (CNB) and Technical Ammonium Nitrate Business (TAN), had been very good during the year under review.

Profit before Tax (PBT) for the year under review increased to ₹ 244.59 Crore from ₹ 14.80 Crore in the previous year. Net Profit for the current year increased to ₹ 200.41 Crore from ₹ 9.38 Crore in the previous year.

Your Company has not prepared Consolidated Accounts pursuant to the provisions of Rule 6 of the Companies (Accounts) Rules, 2014.

CROP NUTRITION BUSINESS:

The Company is one of the leading manufacturers of NPK and specialty fertilisers in India. The business offers a wide range of NP (Nitro Phosphate), NPK (Nitrogen Phosphorous Potassium) variants, Water Soluble Fertilisers and Bentonite Sulphur to Indian farmers under its flagship brand Mahadhan.

As part of the strategy to move from commodity to value-added products and solutions, the business unit is steadily developing innovative products and solutions that aid efficient usage of nutrition, improve soil health and thereby enhance crop productivity. The Company is strengthening its crop-specific and stage-specific product portfolio. This shift in strategy would help the Company consolidate its position in the market, and create a niche for it, thereby giving the Company an edge over the competition. It would also garner better product value for the Company.

During FY2020-21, the Company has shown tremendous agility and nimbleness. The Company undertook a 360-degree approach to engage, educate and empower its stakeholders as the COVID-19 set new challenges for the business, especially on the field operations. From building robust digital and social media infrastructure to cost optimisation, the Company has made sure that none of its stakeholders were left alone in the times of crisis. The Company made significant digital investments to keep the communication with its stakeholders uninterrupted. Some of the key initiatives undertaken during the year include:

(i) For Farmers: Mahadhan App – One Stop Solution for Farmers

(ii) Mahadhan Stars - App & website for our dealers/ retailers

(iii) Mahadhan Connect: It is a portal for Dealers to track their day-to-day transaction.

(iv) Complaint Management System – An integrated system for dealers to raise their complaints.

(v) Digital webinars, dealer meet, demo site meetings and direct farmer calling were arranged to connect with farmers and dealers.

TECHNICAL AMMONIUM NITRATE BUSINESS:

Despite the challenges posed by COVID-19 on TAN demand in FY2020-21, the business managed to maintain its revenues at the levels of FY20, with its EBITDA in FY21 improving compared to FY20. This was achieved through a slew of measures such as competitive pricing, increased focus on high margin products, lower raw material prices and overhead cost control measures. In line with the Company's overall strategy to be a solutions provider, TAN has been focusing on delivering cost effective and productive blasting solutions in chosen market segments through customised product and service offerings in Ammonium Nitrate, Explosives, Accessories and Blasting Services.

Some of the key initiatives undertaken by the TAN business during FY2020-21 are:

(i) Forward integration for finished products required by the Mining and Infrastructure industries.

(ii) Deployment of specially designed Bulk Mixing and Delivery (BMD) Trucks to deliver ANFO and High Energy Emulsion blend bulk explosives directly into the blast hole in mines.

(iii) Identification of mine and quarry productivity improvement technical services projects to optimise their drilling, blasting and downstream costs, which will be delivered in the next year.

(iv) These initiatives are in line with the business's strategy to grow in Infrastructure, Non-Coal Mining and Coal Mining segments in the domestic market. TAN Business is the only supplier of TAN Solids in India along with an extensive licensed TAN storage and extensively webbed distribution network.

To meet the rising demand for TAN, the Company is setting up a TAN manufacturing plant in the Eastern Coast of India. The plant is expected to start production in 2024 and ideally positioned to capitalise on the strong demand growth in the East and adjoining Central regions. This new TAN plant is also a step taken by the Company to make India self-reliant for its TAN demand under the Atmanirbhar Bharat Abhiyan.

3. INVESTMENT IN PERFORMANCE CHEMISERVE LIMITED, SUBSIDIARY OF THE COMPANY

During the year under review, the Company has made investment of approx. ₹ 225 Crores in Performance Chemiserve Limited, Subsidiary of the Company, (PCL) through rights issues, in three tranches, considering the progress of Ammonia Project, being set-up by PCL.

Further, the Company made investment of approx. ₹ 100 Crores on 12th April 2021, in PCL, thorough rights issues.

4. COMPULSORILY CONVERTIBLE DEBENTURES (CCDS)

As reported in the Last Year's Annual Report, the Company had allotted 1050 (One Thousand and Fifty) Compulsorily Convertible Debentures (CCDs) of Face value ₹ 10,00,000/- (Rupees Ten Lakhs only) each, aggregating to ₹ 105 Crores, being the first Tranche of such subscription, on a private placement basis to International Financial Corporation (IFC) on 16th October 2019.

During the year under review, your Company has further allotted 1,050 (One Thousand and Fifty) Compulsorily Convertible Debentures ("CCDs") of face value of ₹ 10,00,000 /- each, being the second tranche of such subscription, to International Finance Corporation, for an aggregate amount of ₹ 105 Crores on 5th October 2020, pursuant to the approval of the Shareholders obtained at the Annual General Meeting held on 9th September 2020.

Considering the first tranche and second tranche subscription, as aforesaid, the investment of IFC in the Company stands at aggregate amount of ₹ 210 Crores.

5. DIVIDEND

With a view to conserve resources for growth, your Board does not recommend any Dividend for the year under review.

6. BOARD OF DIRECTORS

Composition and Category of Directors as on 31st March 2021 are as under:

Sr. No.	Name of Director	Category
1.	Shri Sailesh C. Mehta	Chairman
2.	Shri Yeshil S. Mehta	Executive Director
3.	Smt. Parul S. Mehta	Non-Executive and Non-Independent
4.	Dr. T. K. Chatterjee	Non-Executive and Non-Independent
5.	Shri M. P. Shinde	Non-Executive and Non-Independent
6.	Shri S. R. Wadhwa	Independent Director
7.	Shri U. P. Jhaveri	Independent Director
8.	Shri A. K. Purwaha	Independent Director
9.	Shri Partha Bhattacharyya	Independent Director

7. APPOINTMENT OF SHRI SAILESH C. MEHTA AS THE MANAGING DIRECTOR OF THE COMPANY

Consequent to the re-structuring exercise in 2017, the size and affairs of the Company has increased manifolds and accordingly it is felt pertinent to appoint someone at the helm of Company who possess vast and rich experience and who can shoulder the increasing responsibilities of this dynamic and rapidly growing organisation.

Accordingly, the Nomination and Remuneration Committee and the Board at their respective meetings held on 27th May 2021, have unanimously approved the appointment of Shri Sailesh C. Mehta as the Managing Director of the Company for the period of 5 years w.e.f. 1st June 2021, subject to the approval of the shareholders and designated as Chairman and Managing Director of the Company.

All the relevant terms and conditions for the appointment of Shri Sailesh C. Mehta, as Managing Director, is provided in the notice of the Annual General Meeting. The shareholders are requested to approve the appointment in the ensuing annual general meeting.

8. NUMBER OF BOARD MEETINGS HELD AND ATTENDANCE OF DIRECTORS

During the year under review, five Board Meetings were held. These meetings were held on 30th June 2020, 30th July 2020, 2nd November 2020, 2nd February 2021 and 25th March 2021.

The records of attendance of Directors are as under:

Sr. No.	Name of Director	No. of Board Meetings attended
1.	Shri Sailesh C. Mehta	5
2.	Shri Yeshil S. Mehta	4
3.	Smt. Parul S. Mehta	5
4.	Dr. T. K. Chatterjee	5
5.	Shri M. P. Shinde	5
6.	Shri S. R. Wadhwa	5
7.	Shri U. P. Jhaveri	5
8.	Shri A. K. Purwaha	5
9.	Shri Partha Bhattacharyya	5

9. DIRECTOR RETIRING BY ROTATION

Shri Sailesh C. Mehta (DIN: 00128204) and Dr. T. K. Chatterjee (DIN: 00118123) retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment pursuant to the provisions of Section 152 of Companies Act, 2013.

10. DECLARATIONS FROM INDEPENDENT DIRECTORS

Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

11. COMMITTEES OF BOARD OF DIRECTORS

(i) AUDIT COMMITTEE

The Audit Committee consists of the following Directors:

Sr. No.	Name of Director	Chairman / Member
1.	Shri S. R. Wadhwa	Chairman
2.	Shri U. P. Jhaveri	Member
3.	Dr. T. K. Chatterjee	Member

During the year under review, Seven Audit Committee meetings were held. These meetings were held on 30th June 2020, 30th July 2020, 7th August 2020, 2nd November 2020, 10th December 2020, 2nd February 2021 and 25th March 2021.

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

The records of attendance of Directors (Members of Audit Committee) are as under:

Sr. No.	Name of Director	No. of Audit Committee Meetings attended
1.	Shri S. R. Wadhwa	7
2.	Shri U. P. Jhaveri	7
3.	Dr. T. K. Chatterjee	7

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 and other applicable provisions of the Companies Act, 2013 and inter alia include recommending for appointment, remuneration and terms of appointment of auditors of the Company; reviewing and monitoring auditor's independence and performance, effectiveness of audit process; examining financial statement and the auditors' report thereon; approving or any subsequent modification of transactions of the Company with related parties scrutinising inter-corporate loans and investments; valuation of undertakings or assets of the Company, wherever it is necessary; evaluating internal financial controls and risk management systems; monitoring the end use of funds raised through public offers and related matters.

(ii) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The CSR Committee consists of the following Directors:

Sr. No.	Name of Director	Chairman / Member
1.	Shri S. R. Wadhwa	Chairman
2.	Smt. Parul S. Mehta	Member
3.	Shri M. P. Shinde	Member

The Board of Directors of the Company has formed Corporate Social Responsibility (CSR) Policy, to articulate a clear and long- term focus for the Company's CSR initiatives, to help setup high standards of quality in the delivery of services in the social sector by creating robust processes and replicable models, to encourage a sense of empathy and equity amongst the employees to motivate them to serve the society, to allow network with like-minded NGOs/firms/people who can enhance/ complement our efforts.

During the year under review, two CSR Committee Meetings were held on 29th June 2020 and 25th March 2021.

The records of attendance of Directors (Members of CSR Committee) are as under:

Sr. No.	Name of Director	No. of Audit Committee Meetings attended
1.	Shri S. R. Wadhwa	2
2.	Smt. Parul S. Mehta	2
3.	Shri M. P. Shinde	2

The Ministry of Corporate Affairs vide its notification dated 22nd January 2021 had brought certain amendments to the CSR Provisions, which inter-alia required the Company to amend its CSR Policy.

In view of the above, the Board of Directors, at its meeting held on 25th March 2021, on the recommendation of the CSR Committee had adopted a revised CSR Policy.

The Corporate Social Responsibility Policy of the Company indicates the activities to be undertaken by the Company.

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly comprises inter-alia, of the following:

(a) Reviewing the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

(b) Recommend the amount of expenditure to be incurred on the activities referred to in CSR Policy of the Company.

(c) To formulate and recommend to the Board, Annual Action Plan of CSR.

(d) Institute a transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by the Company; and

(e) To monitor the CSR Policy of the Company from time to time.

The Annual Report of the initiatives taken by the Company on CSR during the year as per Companies (Corporate Social Responsibility Policy) Rules as amended is given in the Annexure-I forming part of this Report.

(iii) **NOMINATION AND REMUNERATION COMMITTEE (NRC)**

The Nomination and Remuneration Committee consists of the following Directors:

Sr. No.	Name of Director	Chairman / Member
1.	Shri S. R. Wadhwa	Chairman
2.	Shri U. P. Jhaveri	Member
3.	Dr. T. K. Chatterjee	Member

During the year under review, one Nomination and Remuneration Committee Meeting was held on 29th June 2020, which was attended by all the members of NRC Committee.

The Company has adopted a Nomination and Remuneration Policy of Director, Senior Management Employees and Key Managerial Personnel. The Policy is approved by the Nomination & Remuneration Committee and the Board of Directors.

The terms of reference of the Nomination and Remuneration Committee inter alia broadly comprises of identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board of Directors their appointment and removal, formulate the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and other employees; formulating criteria for evaluation of Chairman, Directors, Board and Committees.

The Nomination and Remuneration Policy of the Company is enclosed as Annexure - II to this Report. A copy of Nomination and Remuneration Policy is also available on the website of the Company i.e. https://smartchem.co.in/

(iv) **SECURITIES ISSUE COMMITTEE**

Your Company has Securities Issue Committee having following members:

1) Shri Yeshil S Mehta – Chairman
2) Dr. T. K. Chatterjee – Member
3) Shri M. P. Shinde – Member; and
4) Shri Amitabh Bhargava – Member

During the year under review, one meeting of the Securities Issue Committee meeting was held on 5th October 2020, which was attended by all the members of SIC Committee members.

12. CHANGES IN KEY MANAGERIAL PERSONNEL (KMP)

During the year under review, there were no changes in key managerial personnel.

13. EVALUATION OF PERFORMANCE OF THE BOARD, MEMBERS OF THE BOARD AND THE COMMITTEES OF THE BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of the Chairman, Individual Directors, Board as well as its Committees for FY 2020-21. The Board at its Meeting held on 27th May 2021 reviewed the reports on performance assessment of the Board, its Committees and individual directors and found to be satisfactory.

The evaluation has been carried out with the help of independent external agency employing software driven data compilation and analysis.

14. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on 25th March 2021, inter-alia, to discuss:

(i) The performance of Non-Independent Directors and the Board as a whole.

(ii) The performance of the Chairperson.

(iii) The quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties. All the Independent Directors were present at the Meeting.

15. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of sub-section (5) of Section 134 of the Companies Act, 2013, your Directors confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

(ii) the accounting policies had been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year on

31st March 2021 and of the profit and loss of the Company for that period.

(iii) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) the annual accounts had been prepared on a going concern basis; and

(v) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

16. STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of section 139 of the Companies Act, 2013, the Members of the Company at the 30th Annual General Meeting held on 21st September, 2017 had accorded their consent to appoint M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as Statutory Auditors of the Company for a period of four years from the conclusion of 30th Annual General Meeting until the conclusion of 34th Annual General Meeting of the Company and M/s. B. K. Khare & Co. will be completing their first term on conclusion of the ensuing Annual General Meeting of the Company.

The Board of Directors at its meeting held on 27th May 2021, based on the recommendation of the Audit Committee has recommended the re-appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as the statutory auditors of the Company for the second term for a period of 5 years from the conclusion of the ensuing 34th Annual General Meeting till the conclusion of the 39th Annual General Meeting.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

17. COST AUDITOR AND COST AUDIT REPORT

M/s. Y. R. Doshi & Co. has been the cost auditors of the Company since the inception. The Company, while, did not have any objection / deficiency observed in the Cost Audit conducted by the said auditor, the management, as a measure of good governance and practice, deemed expedient to rotate the existing cost auditors.

Your Board, therefore, at its meeting held on 27th May 2021, based on the recommendation of the Audit Committee and considering the need for a fresh outlook, have appointed M/s. Harshad Deshpande & Associates, Cost Accountants, (Firm Registration No. 00378) as the Cost Auditors for the Financial Year 2021-22 at a remuneration of ₹ 2,75,000/- (Rupees Two Lakhs Seventy-Five Thousand only) plus applicable tax and Out of Pocket Expenses at actuals, which shall be subject to the approval of the shareholders at the ensuing Annual General Meeting.

Further, M/s Y. R. Doshi & Company, Cost Accountants will submit the cost audit report along with annexure for the Financial Year 2020-21 to the Central Government (Ministry of Corporate Affairs) in the prescribed form within specified time and at the same time forward a copy of such report to your Company.

The Cost Audit Report for the Financial Year ended 31st March 2020 was duly filed within specified time limits, with the Central Government (Ministry of Corporate Affairs) on 29th August 2020.

The provisions relating to maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is required to be maintained by the Company and accordingly, such accounts and records are made and maintained.

18. SECRETARIAL AUDIT REPORT AND SECRETARIAL AUDITOR

The Secretarial Auditor, M/s. Jog Limaye & Associates, Practising Company Secretaries, has issued Secretarial Audit Report for the Financial Year 2020-21 pursuant to the provisions of Section 204 of the Companies Act, 2013, which is annexed to this Board's Report.

The Secretarial Audit Report to the members for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

Your Board of Directors has appointed M/s. Jog Limaye & Associates, Company Secretaries, as the Secretarial Auditors of the Company for the Financial Year 2021-22 at their meeting held on 27th May 2021.

19. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12)

During the year under review, there were no frauds reported by the auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

20. INTERNAL AUDITOR

Ernst & Young (EY) LLP is the internal auditors of the Company in compliance with Section 138 of the Companies Act, 2013 and rules made thereunder.

21. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company's internal control systems are commensurate with the nature, size, and complexity of the businesses and operations. These are routinely tested and certified by Statutory as well as Internal Auditor. Significant audit observations and follow-up actions are reported to the Audit Committee.

The Company has also adopted Internal Financial Control framework in line with section 134(5)(e) of the Companies Act, 2013 to authenticate implementation of company policies across businesses, protect intellectual property, prevent and detect frauds and errors and ensure transparency of accounting records. Based on its evaluation (as defined in section 177 of the Companies Act, 2013), the Audit Committee has concluded that, as of 31st March 2021, the Company's internal financial controls were adequate and operating effectively.

22. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

Your Company has four subsidiaries viz, Platinum Blasting Services Pty Ltd. (PBS), Australian Mining Explosives Pty Ltd. (Subsidiary of PBS), Performance Chemiserve Limited (PCL) and Mahadhan Farm Technologies Private Limited (MFTPL). Your Company does not have any Associate or Joint Venture Company.

Report on the performance and financial position of the Subsidiary Companies is given in specified format in Annexure - III forming part of this Report.

23. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS

Details of investments made, loans advanced and guarantee issued by the Company have been given in notes to the Financial Statement.

24. ANNUAL RETURN

In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is available on the website of the Company at https://smartchem.co.in/

25. RELATED PARTY TRANSACTIONS

The Company has entered into contract / arrangements with related parties in the ordinary course of business and on arm's length basis. Thus, provisions of Section 188(1) of the Act are not applicable.

26. PUBLIC DEPOSITS

The Company has not accepted any deposits, covered under Chapter V of the Companies Act, 2013 and hence no details pursuant to Rules 8 (5) (v) and (vi) of the Companies (Accounts) Rules, 2014 are reported.

27. MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report.

28. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

No significant material orders have been passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

29. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE THE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the year under review, there were no such instances.

30. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The details of the employees pursuant to the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be available for inspection. Members interested in obtaining a copy of the same may write to the Company Secretary and the same will be furnished on request. Hence, the Annual Report is being sent to all the Members of the Company excluding the aforesaid information.

31. RISK MANAGEMENT

The Company has put in place an adequate and effective risk reporting system, through the Risk Management Policy of the Holding Company, Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL).

DFPCL has framed a Risk Management Policy with an intention to systematically identify, evaluate, mitigate and monitor risks in the Company and its subsidiaries / associates.

In the opinion of the Board, there are no residual risks, which would threaten the existence of the Company.

32. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14, the internal committee constituted under the said act has confirmed that no complaint / case has been filed / pending with the Company during the year. The said policy has been uploaded on the internal portal of the Company for information of all employees.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

33. INDUSTRIAL RELATIONS

Industrial Relations remained cordial during the year under report.

34. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Accounts) Rules, 2014 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure - IV forming part of this Report.

35. ACKNOWLEDGEMENT

Your directors wish to place on record their sincere appreciation to its bankers for their continued support during the year.

Your directors are also pleased to record their appreciation for the dedication and contribution made by the employees at all levels who through their competence and hard work, have enabled your Company to achieve good performance in the emerging competitive environment and look forward to their support in future as well.

For and on behalf of the Board of Directors,

Sailesh C. Mehta
Chairman
(DIN: 00128204)

Place: Pune
Date: 27th May 2021

ANNEXURE - I

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL ENDED 31ST MARCH 2021

1. Brief outline on CSR Policy of the Company:

For over a decade as a socially responsible Company, Smartchem Technologies Limited ("STL" or "the Company"), is committed to serve the society it operates in. The Company conducts several outreach programmes around its Establishment.

While the CSR projects and programs to be undertaken by the Company shall include activities falling within the preview of schedule VII of Companies Act, 2013, the focus will be on the following broad themes:

a) Women empowerment through vocational training (skill development) and livelihood Programmes

b) Health and

c) Education.

The underlying objective for the aforesaid themes is aimed at making people self-reliant through economic and social empowerment, providing employable skills and social entrepreneurship opportunities to youth and women to ensure livelihood for economic betterment and social development of themselves and their families, instilling pride and confidence (in the target population) to take on future challenges.

Health initiatives, culture and heritage support programmes have also formed Company's ancillary focus areas. Improving the quality and infrastructure in the educational institutions has also been the Company's priorities.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri S. R. Wadhwa - Chairman	Independent Director	2	2
2.	Smt. Parul S. Mehta - Member	Non-Executive Director	2	2
3.	Shri M P Shinde - Member	Non-Executive Director	2	2

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

https://smartchem.co.in

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): **Not applicable**

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Nil	

6. Average net profit of the company as per section 135(5): ₹ 3912 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 78.24 Lakhs

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 78.24 Lakhs

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

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
78,27,110	Nil	N.A.	N.A.	Nil	N.A.

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project.	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
NIL					

Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implement-ation Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
					Name	CSR Registration number
(vi)	(vii)	(viii)	(xi)	(x)	(xi)	
NIL						

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
1	Aarogyam – Health Initiatives	Promoting healthcare including preventive healthcare	Yes	Maharashtra	Raigad Pune
2	Dairy Development Project	Livelihood Enhancement	Yes	Maharashtra	Raigad
3	Wadi Project	Livelihood Enhancement, Eradicating hunger, poverty and malnutrition	Yes	Maharashtra	Raigad
4	Livelihood Enhancement Through Entrepreneurship Development	Livelihood Enhancement	Yes	Maharashtra	Raigad Pune
5	Vocational Skill Development Project	Employment enhancing vocation skills	Yes	Maharashtra	Raigad Pune
6	Community Development and Social Welfare Project	Employment enhancing vocation skills, Rural Development Poject	Yes	Maharashtra	Raigad

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the Project	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
7	Gyanam – Educational Initiative	Education	Yes	Maharashtra Gujarat	Raigad Pune Bharuch
8	Promoting Education	Promoting Education	Yes	Maharashtra	Mumbai
9	Healthcare, Women's welfare etc.	Healthcare, Women's welfare, Eradicating hunger and poverty, Education and Conservation of Environment	No	Karnataka	Bengaluru

Amount spent for the project (in ₹)	Mode of implementation -Direct (Yes/No)	Mode of implementation – Through implementing agency	
		Name	CSR Registration Number
(vi)	(vii)	(viii)	
25,00,000	No	Ishanya Foundation	CSR00000211
7,00,000	No	Ishanya Foundation	CSR00000211
6,35,000	No	Ishanya Foundation	CSR00000211
5,50,000	No	Ishanya Foundation	CSR00000211
5,00,000	No	Ishanya Foundation	CSR00000211
3,50,000	No	Ishanya Foundation	CSR00000211
1,00,000	No	Ishanya Foundation	CSR00000211
14,92,110	No	The Vishal Mumbai Shikshan Prasarak Mandal	
10,00,000	No	Sada Smitha Foundation	

(c) Amount spent in Administrative Overheads: Nil

(d) Amount spent on Impact Assessment, if applicable: Nil

(e) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 78.27 Lakhs

(f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ In Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	78.24
(ii)	Total amount spent for the financial year	78.27
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.03
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.03

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)
(i)	(ii)	(iii)	(iv)
NIL			

Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
Name of the Fund	Amount (in ₹)	Date of transfer	
(v)	(vi)	(vii)	(viii)
NIL			

*** The provisions of Section 135 (6) are effective from 22nd January 2021. Therefore, the details required in the table are not applicable for FY 2020-21.

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

Sl. No.	Project ID	Name of the Project	Financial Year in Which the project was commenced	Project duration
(i)	(ii)	(iii)	(iv)	(v)
NIL				

Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project-Completed/ Ongoing
(vi)	(vii)	(viii)	(ix)
NIL			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s): N.A.

(b) Amount of CSR spent for creation or acquisition of capital asset: N.A.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: N.A.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): N.A.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A.

S. R. Wadhwa
Chairman of the CSR Committee

Parul S. Mehta
Director

26th May 2021

ANNEXURE – II

NOMINATION AND REMUNERATION POLICY

1. Introduction

The Nomination and Remuneration Policy ("Policy") of the Company has been formulated in accordance with the provisions of Companies Act, 2013 and sets out the criteria to pay remuneration to the Directors, Key Managerial Personnel (KMP) and Senior Management Personnel of the Company.

2. Objective and Scope

The Key Objectives and scope of the Nomination & Remuneration Committee would be:

a) To formulate the criteria for determining qualifications, positive attributes and independence for appointment and removal of a director

b) To recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial Personnel and Senior Management Personnel which involves a balance between the fixed and incentive pay reflecting short-term and long-term objectives appropriate to the working of the Company and its goals.

3. Definitions

"Act" means Companies Act, 2013 and rules thereunder.

"Board" means Board of Directors of the Company

"Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

"Company" means Smartchem Technologies Limited (STL).

"Independent Director" means a Director of the Company, not being in whole time employment and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies the criteria for independence as prescribed under Section 149 of the Companies Act, 2013.

"Key Managerial Personnel" means Key managerial personnel as defined under the Companies Act, 2013 and includes:

(i) Managing Director or Executive Director or Chief Executive Officer or Manager

(ii) Whole-time Director

(iii) Company Secretary

(iv) Chief Financial Officer; and

(v) such other officer as may be prescribed.

"Policy" means Nomination and Remuneration Policy.

"Senior Management" means personnel of the Company who are members of its core management team (Internal Board) excluding the Board of Directors.

4. Functions of Committee:

The Nomination and Remuneration Committee shall, inter-alia, perform the following functions:

a. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

b. To recommend to the Board a policy for following:

   (i) Determining qualifications, positive attributes and independence of a director.

   (ii) Remuneration for the Directors, Key Managerial Personnel and Senior Management.

(iii) Remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully.

(iv) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

(v) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

(vi) Performance evaluation of Independent Directors and the Board.

The Chairperson of the Nomination and Remuneration Committee or, in his absence, any other member of the committee authorised by the Chairperson in this behalf shall attend the general meetings of the company.

Provided that Nomination and Remuneration Committee shall set up mechanism to carry out its functions and is further authorised to delegate any / all of its powers to any of the Directors and / or officers of the Company, as deemed necessary for proper and expeditious execution.

5. **Membership**

(i) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

(ii) The quorum shall be either two members or one third of the members of the Committee whichever is higher

(iii) Membership of the Committee shall be disclosed in the Annual Report.

(iv) Term of the Committee shall be continued unless terminated by the Board of Directors.

6. **Chairperson**

(i) Chairperson of the Committee shall be an Independent Director.

(ii) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

(iii) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

7. **Frequency of Meeting**

The meeting of the Committee shall be held at such regular intervals as may be required.

8. **Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee.

9. **Minutes of Committee Meeting**

Proceedings of all meetings shall be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meetings.

10. **Policy for appointment and removal of Director Key Managerial Personnel (“KMP”) and Senior Management Personnel (“SMP”)**

(A) **Appointment criteria and qualifications for Director, KMP and SMP**

(i) The Committee shall identify and ascertain the integrity, qualification, expertise, positive attributes and experience of the person for appointment as Director and recommend to the Board his / her appointment.

(ii) The President (HR) of the Company / Ultimate Holding Company, Deepak Fertilisers And Petrochemicals Corporate Limited, under the overall superintendence and control of the Chairman, will undertake the process of appointment of KMP and/or SMP based on the roles and responsibilities of the position, the skill sets, attributes, seniority, experience and such other parameters required.

(iii) Upon finalisation of appointment of a person for the position of KMP and/or SMP by the Chairman of the Company and the acceptance of the offer by the candidate, the same shall be put up to the Committee and the Board for its confirmation post which the letter of appointment shall be issued to KMP and/or SMP, as the case may be.

(B) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act and Rules thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director and/or the KMP subject to the provisions and compliance of the applicable Acts and Rules. However, the decision to remove the SMP shall be taken by the Chairman of the Company.

(C) Retirement

The Director, KMP and SMP shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. While the Board will have the discretion to retain the Director, the discretion to retain KMP and/or SMP in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company shall vest with the Chairman of the Company.

11. Policy relating to the Remuneration

(A) General -for the Whole time Director:

(i) The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company, if required.

(ii) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the provisions of the Act.

(iii) Term / Tenure of the Directors shall be as per the Company's policy and subject to the provisions of the Act.

(B) Remuneration to Whole-time / Executive / Managing Director:

(i) Fixed pay:

The Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/the Person authorized by the Board and approved by the shareholders, if required.

(ii) Commission:

Commission may be paid within the limits approved by shareholders.

(iii) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act.

(iv) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without approval required under section 197 of the Companies Act, 2013, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company, and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the company by special resolution within two years from the date the sum becomes refundable.

(C) Remuneration to Non-Executive / Independent Director

(i) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Act.

(ii) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall be decided by the Board and subject to the limit as provided in the Act.

(iii) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

(D) Remuneration to Key Managerial Personnel and Senior Management Personnel:

The remuneration of KMP and SMP shall be determined by the management of the Company as per their roles and responsibilities in the organization, skill sets, seniority, experience, the last drawn remuneration and prevailing remuneration for equivalent jobs.

Broadly, the remuneration structure of KMP and SMP shall include the following components:

(i) Basic pay

(ii) HRA

(iii) Allowances

(iv) Perquisites and Benefits

(v) Retiral benefits

(vi) Performance Bonus i.e. incentive pay on the basis of the performance of the KMPs and SMPs.

with liberty to the management to allocate the amounts towards various salary components subject to there being no change in the overall Cost to the Company.

12. Amendments

This Policy may be amended by the Board at any time and is subject to amendments to the Companies Act, 2013 (the Act 2013).

ANNEXURE – III

FORM AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A": Subsidiaries

(₹ In Lakhs)

Sr. No.	Particulars	Subsidiaries			
1	Name of the Subsidiary	**Platinum Blasting Services Pty Ltd.**	**Australian Mining Explosives Pty Ltd**	**Performance Chemiserve Limited**	**Mahadhan Farm Technologies Private Limited**
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	1st April 2020 to 31st March 2021	1st April 2020 to 31st March 2021	1st April 2020 to 31st March 2021	1st April 2020 to 31st March 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	AUD 1 AUD = ₹ 55.61	AUD 1 AUD = ₹ 55.61	Indian Rupees	Indian Rupees
4	Share Capital	4,806	-	10	1
5	Reserves & Surplus	2,591	104	69,969	4
6	Total Assets	19,636	3,023	1,66,401	566
7	Total Liabilities	12,239	2,919	96,422	561
8	Investments	-	-	487	-
9	Turnover	34,710	1,012	313	2,503
10	Profit before taxation	1,599	114	412	160
11	Provision for taxation	26	10	111	42
12	Profit after taxation	1,573	104	301	118
13	Proposed Dividend	-	-	-	-
14	% of shareholding	65%	Refer below note 5	88.91%	100%

Notes:

1. Name of subsidiaries which are yet to commence operations: **Not applicable**
2. Name of the subsidiaries which have been liquidated or sold during the year: **Not applicable**.
3. The figures mentioned above are Standalone Figures.
4. Shareholding as on 31st March 2021.
5. Platinum Blasting Services Pty Ltd hold 100% shares i.e. 1 ordinary share of Australian Mining Explosives Pty Ltd.

About Subsidiaries:

Platinum Blasting Services Pty. Limited, Australia

Platinum Blasting Services Pty. Limited is a joint venture (JV) between your Company with local Australian partners having vast experience in providing value-added blasting services and operational expertise to mining and explosives industries in Australia. This is part of your Company's forward integration initiative. The Company supplies Technical Ammonium Nitrate to the JV.

Australian Mining Explosives Pty. Limited

Australian Mining Explosives Pty. Limited (AME), an Australian company, is a wholly owned subsidiary of Platinum Blasting Services Pty. Ltd. (a subsidiary of your Company) and is engaged in the business of storage and handling of Technical Ammonium Nitrate.

Performance Chemiserve Limited (PCL)

Performance Chemiserve Limited is a subsidiary of your Company. Your Company is holding 88.91% of the Equity share capital of PCL. PCL is involved in Chemical drum filling activities. Further, PCL is setting up Ammonia Project of 1,500 MTPD Capacity.

Mahadhan Farm Technologies Private Limited

Mahadhan Farm Technologies Private Limited (MFTPL) is a wholly owned subsidiary of your Company. MFTPL is involved in manufacturing of water soluble NPKs grades namely 19:19:19, 20:20:20 and 13:40:13; which is further marketed by the Company.

Part "B": Associates and Joint Ventures

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

NOT APPLICABLE

For and on behalf of the Board of Directors,

Sailesh C. Mehta
Chairman
(DIN: 00128204)

Place: Pune
Date: 27th May 2021

ANNEXURE – IV

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

(a) THE STEPS TAKEN OR IMPACT ON CONSERVATION OF ENERGY:

- K1 Plant:

  (i) Faulty Steam traps and Passing Valves replacement at AN/ANP to improve Specific steam consumption saving of 700 tons of steam per month.

  (ii) Installed timer based turn off in raw material conveying system to reduce idle running time in NPK plant reducing 75 kWh of power consumption per day.

  (iii) Providing the total cooling water requirement of NPK plant using one pump instead of parallel operation with two pumps thereby reducing 1800 kWh of power per day.

- K7/8 Plant:

  (i) The Company saved ₹ 3.2 Lakhs in FY 2020-21 by replacing cooling tower pump motor with high efficiency motor with an investment of ₹ 1.50 Lakhs. The saving will continue in future also.

  (ii) The Company saved ₹ 0.60 Lakh in FY 2020-21 by trimming impeller of VAM Chilled Water Pump with an investment of ₹ 0.15 Lakh. The saving will continue in future also.

  (iii) The Company has installed VFD for treated water pump which leads to saving 3 Lakhs in FY 2020-21 with investment of ₹ 4.5 Lakhs. The saving will continue in future also.

  (iv) The Company saved ₹ 0.50 Lakh in FY 2020-21 with an investment of ₹ 3.5 Lakh by replacing plant lights with LED. The saving will continue in future also.

  (v) The Company saved ₹ 1.40 Lakh in FY 2020-21 by installing 350KVAR RTPFC capacitor bank to improve the Power Factor with investment of ₹ 5.50 Lakh.

(b) THE STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY: NIL

(c) THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT

The Company has replaced the old boiler by installing a new Waste heat recovery boiler (WHRB) in WNA I plant at a cost of ₹ 590 Lakhs. The new WHRB increases the steam generation by 2 TPH.

B. TECHNOLOGY ABSORPTION

(1) The efforts made towards technology absorption

(i) The Company has developed new product Bensulf Superfast, and production started in May 2020.

(ii) The Company has developed method to utilise 700 MT sulfur sludge / off spec in K1 NPK plant otherwise it has to be disposed in Mumbai waste management which will be costing 590 Lakhs.

(iii) The Company has utilised new technology for cutting of old tank containing sulfur by using safe method of cold cutting with high pressure jet for.

(iv) The Company has developed new facility for unloading Nitric acid tanker at K7/K8 site.

(v) The Company has enhanced ammonia loading capacity from 1200 MT per day to 1320 MT per day and expected to enhance further up to 1400 MT per day in FY21-22.

(2) **The benefits derived like product improvement, cost reduction, product development or import substitution:**

Covered in (1) above.

COP reduction in Fertiliser plant by various activities:

(i) Dolomite: The possibility of using dolomite as the filler has been tried by reducing the quantity of bentonite in order to reduce the fouling characteristics and the choking issues in NPK plant thereby increasing the plant availability.

(ii) Exploring the cost reduction possibilities in Anticaking and Antifoaming Agent. New vendors have been explored and accordingly plant trials with their products are in progress.

(iii) Ammonia: Procurement of ammonia from M/s. Rashtriya Chemicals & Fertilizers during the period of non-availability of import ammonia.

(3) **In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**

Details of Technology imported	The Year of Import	Whether the technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place, and reasons therefor
Vibro-Priller Technology for LDAN / HDAN Prilling	2019-20	No	Installed in LDAN prilling tower in FY21 and will be installed in HDAN prilling tower FY22.

(4) **The expenditure incurred on Research and Development**

Research and Development Efforts

- K1 Plant:

New Product Development Synergic to Existing Products Basket

Calcium Nitrate (100% Water soluble) – Prepared Calcium nitrate (100% soluble) at Lab scale in R&D using Calcium carbonate (Bought out) and Nitric acid (in House). Process & Quality established in lab scale suitable. Liquid Fertilizer also developed using same ingredients. Product feasibility at commercial scale evaluation is in process.

New Process Development to address cost margins & de-risk RM availability.

(i) **Phosphoric acid Purification-** Process developed in lab scale at R&D for manufacturing technical grade phosphoric acid from chemical grade phosphoric acid for water soluble fertilisers as an initiative to de-risk the RM availability from single supplier source and for enhancing the margins.

(ii) **Manufacturing of phosphoric acid from Rock phosphate-** Process developed in lab scale at R&D for manufacturing commercial grade phosphoric acid from rock phosphate and utilisation in NP & NPK fertilisers production. The process produces calcium nitrate as by product. An initiative to de-risk the RM availability and for enhancing the product margins. Trials to establish process know how, scale up & feasibility is in process.

(iii) **Substitution Phosphoric acid by MAP in NP plant (CFT Project)** – R&D trials completed for substituting raw commercial grade phosphoric acid by MAP 60% for NP fertiliser production and MAP 70% for NP water soluble production at lab scale. The major objective is to reduce product cost by using normal MAP. Product established at lab scale. Feasibility at commercial scale evaluation in process.

Other R&D Initiative adding value to existing process.

(i) **RO sludge as Filler in NPK plant -** Established R&D trial for utilisation of RO sludge in NPK Plant. Trial successfully completed and implemented in plant. Disposal issue mitigated by adding value by utilizing inhouse maintaining product quality and specs. Approx. 2MT per month RO sludge is utilized in NPK plant as filler.

(ii) **NPK Coating with EARTH - 21 Replacement of Torrent –** NPK coating with Earth -21 established at R&D. & commercialization in Plant Scale. The objective is value addition to current basket of NPK grades & cost saving ₹ 1200 /MT.

(iii) **Reprocessing Off spec Bensulf –** R&D Trails established to convert OFF spec Bensulf product to ON spec as per product specifications. Objective to realize optimum value from product by minimizing loss and unlocking cash.

(iv) **Reprocessing Off spec WSF NP in NP product –** R&D Trails established to utilize OFF spec WSF NP product to produce NP fertiliser meeting FCO specification. Total WSF recycle in NP Plant approx. 1512 MT Objective to realize optimum value from OFF spec product by minimizing loss and unlocking cash.

K7/8

(i) **AN Recovery at K7/8 –** Based on successful AN recovery pilot plant, the Company has planned to have a full scale AN recovery unit. The PO has been placed for the same and will be completed in FY21-22. Investment will be around ₹ 1020 Lakhs.

(ii) **LDAN quality at K7/8 –** To capture export market and A class customer the Company has taken trails at K8 site to improve the free flowability and shelf life of LDAN Product by curing of LDAN prills. Based on successful results on pilot scale, the Company has decided to go for large scale. Project will be in commercial operation in FY 21-22. Total investment will be around ₹ 3070 Lakhs.

(iii) **LDAN additive trails at K7/8 –** To improve the LDAN product quality, trail has been conducted with new additives. Implementation will be done in FY 21-22.

(iv) **LDAN coating trails at K7/8 –** To avoid dependency of single vendor for supplying coating agent new vendor has been developed and trails has been conducted successfully. Implementation will be done in FY 21-22.

(v) **Bentonite trails at K7 & K8 –** To avoid dependency of single vendor for supplying bentonite new vendor has been developed and trails has been conducted successfully. Implementation will be FY-21-22.

(vi) **Phosphoric acid desludging –** New technology has been developed by using gear pump, hydraulic press filter, butter wash to remove the sludge from phosphoric acid tank. Trails has been conducted successfully. Recovered sludge from tank will be utilised in K1 NPK plant. Large scale implementation will be done for both tank in FY 21-22.

Benefits derived as a result of the above R & D

Covered in (4) above.

C. Foreign exchange earnings and Outgo

Details of Foreign Exchange Earning are as under:

₹ in Lakhs

Particulars	31st March 2021	31st March 2020
Export of goods (on FOB basis)	4073.27	5360.58
Other Income	-	805.84
TOTAL	**4073.27**	**6166.42**

Details of Foreign Exchange Outgo are as under:

Expenditure in Foreign Currency

₹ in Lakhs

Particulars	31st March 2021	31st March 2020
Interest and repayment of Loans.	513.12	836.58
Technical fees to Foreign Vendors	774.24	100.66
Foreign Travels	-	10.04
Others (Net of Reimbursements)	385.07	2014.11
Total	**1672.44**	**2961.39**

CIF Value of Imports

₹ in Lakhs

Particulars	**31st March 2021**	**31st March 2020**
Raw Materials	101363.97	99748.56
Capital Goods	1503.91	2266.10
Components & Spares	260.82	811.24
Stock-in-trade	12676.61	6524.80
Total	**115805.31**	**109350.70**

INDEPENDENT AUDITORS' REPORT

To the Members of

Smartchem Technologies Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Smartchem Technologies Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to the Note 42 to the Financial Statements regarding compliance of notice received in pursuance of the search and seizure operation conducted by the Income Tax Department during an earlier year. During the year, the Company has filed an application with the Income Tax Settlement Commission (ITSC) for the earlier years to conclude the final assessment for these years and offered additional income in its application filed with ITSC and paid tax and interest thereon. The amount of income tax and interest so paid has been provided for in the Financial Statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matters	Response to Key Audit Matter
Revenue recognition Revenue is measured at the fair value of the consideration received or receivable as reduced by dealer discounts and other similar allowances. Subsidy income is booked as revenue when the sale to dealer/ retailer is recognised and is subject to the Company ensuring with compliance with relevant regulatory requirements. Volume discounts are assessed based on anticipated sales. Further, timing of revenue recognition is dependent on the shipping terms agreed with customers in relation to passing of risk and rewards of ownership.	Our audit approach was a combination of test of internal controls and substantive procedures which included the following: • Understood the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes. • Analysed and discussed with management significant contracts including contractual terms and conditions related to discounts, incentives, and rebates. • Reviewed the relevant estimates made in connection with volume discounts and its accounting treatment in the books of account. • Performed procedures to ensure that subsidy is correctly and timely booked as revenue at the rates prescribed by the Department of Fertilizers and in the correct period.

Key Audit Matters	Response to Key Audit Matter
The application of Indian accounting standard (Ind AS 115) involves significant judgements /material estimates relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations and the appropriateness of the basis used to measure revenue recognised. Refer Note 2(e) to the Financial Statements	• Performed cut-off procedures to ensure that revenue is accounted in the correct period. • Selected a sample of contracts and performed the following procedures: (a) Analysed and identified the distinct performance obligations in these contracts. (b) Compared such performance obligations with that identified and recorded by the Company. (c) Reviewed contracts terms to determine the transaction price including any variable consideration to determine the appropriate transaction price for computing revenue and to test the basis of estimation of the variable consideration. • Reviewed disclosures included in the notes to the accompanying Financial Statements.

Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and the related annexures, but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the 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 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial 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 the 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

(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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.

(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. Also refer paragraph (xi) of Annexure B to the Independent Auditors' Report.

(h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of 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 Financial Statements – Refer Note 40 to the Financial Statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668
UDIN: 21045668AAAAEN7883

Place: Pune
Date: 27 May 2021

Annexure A to the Independent Auditors' Report

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

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Smartchem Technologies Limited ("the Company") as of March 31, 2021 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the criteria for internal financial control with reference to financial statements 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 **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668
UDIN: 21045668AAAAEN7883

Place: Pune
Date: 27 May 2021

Annexure B to the Independent Auditors' Report

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

i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme for physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has physically verified certain property, plant and equipment during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company except as disclosed in Note 3 to the Financial Statements.

(ii) According to the information and explanations given to us, the inventory comprising of raw materials, finished goods and stores and spare parts has been physically verified at reasonable intervals by the management during the year. In our opinion, coverage and procedure of such verification is appropriate and no material discrepancies for each class of inventory were noticed on such verification between the physical inventory and the book records.

(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 Act. Accordingly, the reporting under Clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act with respect to loans and advances granted, guarantees provided and investments made by the Company. The Company has not provided any security during the year to the parties covered under Sections 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act for the products of the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete..

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed statutory dues payable in respect of Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added Tax.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of undisputed statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Goods and Services Tax, Service tax, Duty of Customs and Duty of Excise as at March 31, 2021, which have not been deposited with the appropriate authorities on account of any dispute. The statutory dues in respect of Sales tax, Value Added Tax and Income-tax as at March 31, 2021, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the Statute	Amount Demanded ₹ lakhs	Paid under Protest ₹ Lakhs	Unpaid Amount ₹ lakhs	Forum where dispute is pending	Period to which Amount relates
Central Sales Tax Act, 1956	8.24	4.12	4.12	AP VAT Tribunal	Financial Year 2012-2013
Central Sales Tax Act, 1956	45.29	5.79	39.50	AP VAT Tribunal	Financial Year 2014-2015
Central Sales Tax Act, 1956	17.02	5.23	11.79	Hon'ble High Court, Andhra Pradesh	Financial Years 2008-2009 to 2011-2012
Central Sales Tax Act, 1956	18.77	2.35	16.42	Joint Commissioner (Appeals)	Financial Year 2013-2014
Central Sales Tax Act, 1956	220.99	30.52	190.47	AP VAT Tribunal	Financial Years 2015-2016 to 2017-2018
Central Sales Tax Act, 1956	3.34	3.34	-	Hon'ble High Court, Andhra Pradesh	Financial Years 2000-2001 to 2003-2004
Central Sales Tax Act, 1956	12.03	12.03	-	STAT, Vizag	Financial Year 2005-2006
Andhra Pradesh Value added Tax Act, 2005	159.38	80.40	78.98	AP VAT Tribunal	Financial Years 2015-2016 to 2017-2018
Andhra Pradesh Value added Tax Act, 2005	1340.60	302.41	1038.19	Hon'ble High Court, Andhra Pradesh	Financial Years 2009-2010 to 2014-2015
Andhra Pradesh Value added Tax Act, 2005	39.84	19.92	19.92	AP VAT Tribunal	Financial Years 2015-2016 to 2017-2018
Central Sales Tax Act,1956	31.00	1.55	29.45	Additional Commissioner (CT)	Financial Year 2016-2017
Andhra Pradesh General Sales Tax Act, 1957	40.95	40.95	-	Hon'ble High Court, Andhra Pradesh	Financial Years 2000-2001 to 2003-2004
The Income Tax Act, 1961	21.09	-	21.09	CIT (Appeals)	Assessment Years 2013-2014 and 2015-2016

(viii) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions or banks. There are no dues payable to Government and debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the Company has applied the moneys raised by way of term loans for the purposes for which those are raised. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) 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. Also refer paragraph 2(g) of Independent Auditors' Report.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the reporting under Clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or directors of its holding company or subsidiary companies or persons connected with them during the year and hence the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668
UDIN: 21045668AAAAEN7883

Place: Pune
Date: 27 May 2021

BALANCE SHEET

AS AT 31ST MARCH 2021

(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

	Notes	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,19,481	1,28,287
Capital work-in-progress	4	37,169	28,641
Investment property	5	461	461
Right of use assets	6	4,692	5,427
Other intangible assets	7	1,43,257	1,48,160
Investment in subsidiaries and associates	8	70,820	46,115
Financial assets			
i. Investments	9	3	3
ii. Loans	11	620	349
iii. Other financial assets	14(a)	586	296
Income tax assets (net)	14(b)	697	1,619
Other non - current assets	15	2,340	2,536
Total non-current assets		**3,80,126**	**3,61,894**
Current assets			
Inventories	16	46,505	56,292
Financial assets			
i. Investments	8 (a)	33,793	-
ii. Trade receivables	10	70,699	1,00,668
iii. Cash and cash equivalents	12	7,502	3,858
iv. Other bank balances	13	-	374
v. Loans	11	409	463
vi. Other financial assets	14(a)	1,691	1,980
Other current assets	17	10,018	8,099
Total current assets		**1,70,617**	**1,71,734**
Total assets		**5,50,743**	**5,33,628**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1,705	1,705
Other equity	19	2,82,283	2,61,554
Total equity		**2,83,988**	**2,63,259**
Liabilities			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	20	1,05,783	61,063
ii. Lease liabilities	6	3,139	3,693
iii. Other financial liabilities	22	5,812	170
Provisions	23	3,465	3,233
Deferred tax liabilities (net)	25	4,038	13,067
Total non-current liabilities		**1,22,237**	**81,226**

BALANCE SHEET

AS AT 31ST MARCH 2021

(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

	Notes	31 March 2021	31 March 2020
Current Liabilities			
Financial Liabilities			
i. Borrowings	21	12,500	54,525
ii. Lease liabilities	6	904	926
iii. Trade payables			
(a) total outstanding dues of micro and small enterprises	24	512	369
(b) total outstanding dues of creditors other than micro and small enterprises	24	1,08,038	1,11,542
iv. Other financial liabilities	22	19,433	19,165
Other current liabilities	26	1,928	1,479
Provisions	23	673	1,039
Current tax liabilities (net)	14(b)	530	98
Total current liabilities		**1,44,518**	**1,89,143**
Total liabilities		**2,66,755**	**2,70,369**
Total equity and liabilities		**5,50,743**	**5,33,628**
Significant accounting policies	1 - 2		
The accompanying notes form an integral part of the financial statements	3 - 48		

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668

Place: Pune
Date: 27 May 2021

For and on behalf of Board of Directors of
Smartchem Technologies Limited

S. C. Mehta
Chairman
DIN: 00128204

Amitabh Bhargava
CFO

Y. S. Mehta
Director
DIN : 07866312

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 27 May 2021

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2021

(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

	Notes	31 March 2021	31 March 2020
INCOME			
Revenue from operations	27	3,90,825	3,15,070
Other income	28	818	1,395
Total income		**3,91,643**	**3,16,465**
EXPENSES			
Cost of materials consumed	29	211,676	182,373
Purchases of stock-in- trade	30	45,798	23,894
Changes in inventories of finished goods and stock-in-trade	31	8,902	10,551
Employee benefits expense	32	21,225	18,975
Finance costs	33	12,424	15,861
Depreciation and amortisation expense	34	17,415	18,098
Other expenses	35	49,744	45,233
Total expenses		**3,67,184**	**3,14,985**
Profit before tax		**24,459**	**1,480**
Tax expense			
Current tax		13,333	214
Deferred tax (credit)/charge		(8,915)	328
Total tax expense		**4,418**	**542**
Profit for the year		**20,041**	**938**
Other comprehensive income ('OCI')			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations		(326)	(535)
Income tax relating to these items		114	187
Other comprehensive income for the year, net of tax liability		**(212)**	**(348)**
Total comprehensive income for the year		**19,829**	**590**

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2021
(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

	Notes	31 March 2021	31 March 2020
Earnings per equity share of ₹ 10 each			
i) Basic (in ₹)		117.54	5.50
ii) Diluted (in ₹)		117.54	5.50
Weighted average number of equity shares of ₹ 10 each			
i) Basic		1,70,50,000	1,70,50,000
ii) Diluted		1,70,50,000	1,70,50,000
Significant accounting policies	1 - 2		
The accompanying notes form an integral part of the financial statements	3 - 48		

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668

Place: Pune
Date: 27 May 2021

For and on behalf of Board of Directors of
Smartchem Technologies Limited

S. C. Mehta
Chairman
DIN: 00128204

Amitabh Bhargava
CFO

Y. S. Mehta
Director
DIN : 07866312

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 27 May 2021

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2021

(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before tax	24,459	1,480
Adjustments for		
Depreciation and amortisation expense	17,415	18,098
Loss on disposal of property, plant and equipment	30	50
Provision for doubtful trade receivables	2,441	483
Gain on sale of investments	(148)	(140)
Changes in fair value of financial assets at fair value through profit or loss	(33)	-
Finance cost on financial guarantee	264	265
Unrealised loss on embedded derivative contracts	(686)	718
Dividend income	-	(164)
Interest income	(350)	(315)
Finance costs	12,424	15,861
Unrealised foreign exchange fluctuations (gain) / loss (net)	(508)	830
Cash generated from operations before working capital changes	**55,308**	**37,166**
Change in trade receivables	27,528	11,740
Change in inventories	9,787	12,355
Change in trade payables	(2,853)	(4,272)
Change in other financial liabilities	3,550	833
Change in other financial assets	1,386	128
Change in other non-current assets	(147)	(280)
Change in other current assets	(1,919)	9,653
Change in provisions	(460)	(99)
Change in other current liabilities	449	(696)
Cash generated from operations	**92,629**	**66,528**
Income taxes paid (net)	(11,979)	(626)
Net cash from operating activities	**80,650**	**65,902**
Cash flow from investing activities		
Purchase of property, plant and equipment, intangible assets (including capital work-in-progress)	(8,859)	(8,290)
Proceeds from sale of property, plant and equipment	190	89
Payment for acquisition of subsidiary, net of cash acquired	(24,705)	(1,383)
Purchase of investments	(2,03,404)	(1,33,900)
Proceeds from sale of investments	1,69,792	1,34,040
Loans to subsidiaries	-	(390)
Loans to employees and other loans given	(271)	1
Repayment of Loans by subsidiaries	28	-
Repayment of Loan from others	26	-
Fixed deposit placed	-	(10,720)
Fixed deposit matured	374	10,500
Dividends received from a subsidiary	-	164
Interest received	286	620
Net cash used in investing activities	**(66,543)**	**(9,269)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST MARCH 2021

(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from financing activities		
Proceeds from borrowings - current	46,331	239,244
Repayment of borrowings - current	(92,541)	(2,73,870)
Repayment of borrowings - non-current	(10,373)	(8,239)
Proceeds from issue of compulsory convertible debentures	10,500	10,500
Proceeds from borrowings - From related parties	47,736	815
Repayment of borrowings - From related parties	-	(6,000)
Payment of lease liability (net)	(1,024)	(997)
Interest paid	(11,093)	(17,104)
Net cash used in financing activities	**(10,463)**	**(55,651)**
Net increase in cash and cash equivalents	3,644	982
Cash and cash equivalents at the beginning of the year	3,858	2,876
Cash and cash equivalents at end of the year	**7,502**	**3,858**
The accompanying notes form an integral part of the financial statements.		
The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows"		

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668

Place: Pune
Date: 27 May 2021

For and on behalf of Board of Directors of
Smartchem Technologies Limited

S. C. Mehta
Chairman
DIN: 00128204

Amitabh Bhargava
CFO

Y. S. Mehta
Director
DIN : 07866312

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 27 May 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2021

(ALL AMOUNTS IN ₹ LAKHS UNLESS OTHERWISE STATED)

A. EQUITY SHARE CAPITAL

	31 March 2021	31 March 2020
Balance as at the beginning of the year	1,705	1,705
Changes in equity share capital during the year	-	-
Balance as at the end of the year	**1,705**	**1,705**

B. OTHER EQUITY

	Reserves and surplus					Other reserves	Total
	Securities premium	Retained earnings	General reserve	Capital redemption reserve	Fair value of financial guarantee*	Other Comprehensive Income	
Balance as at 1 April 2019	**2,49,807**	**8,639**	**157**	**1,800**	**-**	**(196)**	**2,60,207**
Profit for the year	-	938	-	-	-	-	938
Remeasurements of post-employment benefit obligation (net of tax)	-	-	-	-	-	(348)	(348)
Total comprehensive income for the year	**-**	**938**	**-**	**-**	**-**	**(348)**	**590**
Financial guarantee liability	-	-	-	-	757	-	757
Balance as at 31 March 2020	**2,49,807**	**9,577**	**157**	**1,800**	**757**	**(544)**	**2,61,554**
Profit for the year	-	20,041	-	-	-	-	20,041
Remeasurements of post-employment benefit obligation, net of tax	-	-	-	-	-	(212)	(212)
Total comprehensive income for the year	**-**	**20,041**	**-**	**-**	**-**	**(212)**	**19,829**
Financial guarantee liability	-	-	-	-	900	-	900
Balance as at 31 March 2021	**2,49,807**	**29,618**	**157**	**1,800**	**1,657**	**(756)**	**2,82,283**

Note: Refer Note 19 for nature and purpose of other equity.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668

Place: Pune
Date: 27 May 2021

For and on behalf of Board of Directors of
Smartchem Technologies Limited

S. C. Mehta
Chairman
DIN: 00128204

Amitabh Bhargava
CFO

Y. S. Mehta
Director
DIN : 07866312

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 27 May 2021

1. The Company and Nature of its Operations:

Smartchem Technologies Limited ("the Company") is a Company domiciled in India, having its corporate office in Pune, Maharashtra, India. The Company is a public limited company. The Company is primarily engaged in the business of fertilisers, agri services and mining chemicals.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation:

i. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements have been prepared on accrual and going concern basis.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

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 the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is a cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

ii. Historical cost convention

a) The Financial Statements have been prepared on historical cost basis, except the following:

- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value; and

b) The financial statements are presented in Indian Rupees ("INR"), which is also the Company's functional currency and all values are rounded off to the nearest lakhs, except when otherwise indicated. Wherever, an amount is presented as INR '0' (zero) it construe value less than ₹ 50,000.

(b) **Significant accounting estimates, assumptions and judgements.**

The preparation of the financial statements requires management to make estimates, assumptions and judgements that affect the reported balances of assets and liabilities and disclosures, and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

Useful lives of Property, plant and equipment ('PPE') & intangible assets

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period.

The factors such as changes in the expected level of usage, number of shifts of production, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

Intangible assets, including Goodwill are initially measured at cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives.

The amortisation period and the amortisation method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

For indefinite life intangible assets, including goodwill, the assessment of indefinite life is reviewed annually based on the expectancy and estimation of future economic benefits arising from it to determine whether it continues. If not, it is impaired or changed prospectively based on revised estimates.

Defined benefit plans

Employee benefit obligations are determined using actuarial valuations. 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, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Litigation

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

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 Discounted Cash flow ("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 their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(d) Foreign currency translation

The financial statements are presented in functional and presentation currency of the Company. On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date, foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognised in the Statement of Profit and Loss.

(e) Revenue recognition

Ind AS 115 specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers.

Sale of Goods:

The Company recognizes revenue from sale of goods measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term. As per the terms of the contract, consideration that is variable, according to Ind AS 115, is estimated at contract inception and updated thereafter at each reporting date or until crystallisation of the amount.

Sale of Services:

Sale of services is recognised on satisfaction of performance obligation towards rendering of such services.

Interest and dividend income:

Interest Income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable and dividend income from investments in shares is recognised when the owner's right to receive the payment is established.

(f) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income ("OCI") or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

Minimum Alternate Tax paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credits which can be carried forward and utilized when the Company will pay normal income tax during the specified period. Deferred tax asset on such tax credit is recognized to the extent that it is probable that the unused tax credit can be utilized in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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.

The Company's lease asset classes primarily consist of leases for Buildings, Furniture and Equipments. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest on lease liability.

Lease contracts entered by the Company majorly pertains for buildings, furniture & equipments taken on lease to conduct its business in the ordinary course.

(h) Business Combinations:

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Company elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquire are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. The assets and liabilities of combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values or recognize any new assets or liabilities.

Consideration for business combination may consist of securities, cash or other assets. Securities are recorded at nominal value. In determination of the value of consideration, assets other than cash are considered at their fair values. The difference between any consideration given and the aggregate carrying amount of assets and liabilities of the acquired entity is recorded in shareholder's equity.

(i) **Impairment of financial assets**

The Company assesses on a forward booking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(j) **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 that the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cashflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and it is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded entities or other available fair value indicators.

(k) **Cash and Cash Equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(l) **Inventories**

- Raw materials are valued at lower of moving weighted average cost and net realisable value. However, these items are written down to realisable value if the costs of the related finished goods is not expected to recover the cost of raw materials.
- Stores, regular spares, oil, chemicals, catalysts and packing material are valued at moving weighted average cost.
- Cost of inventory of materials is ascertained net of applicable CENVAT/VAT/ GST credits.
- Finished goods including those held for captive consumption are valued at lower of factory cost or net realisable value.
- Stock-in-trade is valued at lower of cost and net realisable value.
- Value of Work-in-Process of all products is ignored for the purpose of inventory having regard to the concept of materiality and difficulty of quantifying such stocks with exactitude.

(m) **Investments and other financial instruments**

(i) **Classification**

The company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

The Company initially records at cost all equity investments measures them at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment as per Ind AS 27 Consolidated and Separate Financial Statements.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

(iii) Derecognition

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- It retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

  Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

  Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Derivatives & Hedging:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

<u>Cash flow hedges that qualify for hedge accounting:</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/ (losses).

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the interest expenditure is recorded).

<u>Derivatives that are not designated as hedges:</u>

The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges as in case of such transactions, the underlying is re-stated at closing exchange rates. Such contracts are accounted for at fair value through profit or loss and are included in other gains/ (losses).

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(n) **Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule – II of the Companies Act, 2013. As per requirements of the Companies Act, 2013 the Company has also identified significant components of the assets and its useful life based on the internal technical evaluation. Depreciation charge on such components is based on its useful life. Estimated useful life adopted in respect of the following assets is different from the useful life prescribed in Schedule – II of the Companies Act, 2013.

Name of Assets	Estimated Useful Life
Computers - Servers and Networks	3 Years to 6 Years
End User Devices such as, desktops, laptops etc.	3 Years to 6 Years
Vehicles	4 Years for employees vehicles and 6-7 Years for other vehicles
Buildings other than Factory Buildings RCC Frame Structure	61 Years
Plant and Machinery	Various estimated life up to 21 years. WNA III plant at the rate of 25.88% on WDV basis

- Depreciation for assets purchased/sold during a period is proportionately charged.
- Depreciation on exchange rate variances capitalised as part of the cost of Fixed Assets, has been provided prospectively over the residual useful life of the assets.
- Capitalised machinery Spares are depreciated over remaining useful life of the related machinery/equipment. Costs of such spares are charged to the Statement of Profit and Loss when issued for actual use at written down value.
- Cost of Leasehold Land is amortised over the lease period.

(o) **Investment properties**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives.

The useful life has been determined based on technical evaluation performed by the management's expert.

(p) Intangible assets

Goodwill:

Goodwill on acquisitions of business is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Company's of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or Company's units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(t) Provisions

Provisions for legal claims, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(u) **Changes in significant accounting policies**

There have been no changes in accounting policies during the Financial year 2020-21.

(v) **Employee benefits**

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

- The Company operates the following post-employment schemes: defined benefit plans such as gratuity, pension, post-employment medical plans; and
- defined contribution plans such as provident fund.

Gratuity and retirement benefit obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity and retirement benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident Fund

The eligible employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employees and the Company make monthly contributions at a specified percentage of the covered employees 'salary (currently 12% of employees 'salary). The contributions as specified under the law are paid to the Regional Provident Fund Commissioner and the Central Provident Fund under the Pension scheme. The Company recognises such contributions as expense of the year in which the liability is incurred.

(w) **Earnings per share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(x) Cash Dividend

The Company recognizes a liability to make cash distribution to equity shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders of the Company.

(y) Recent Accounting pronouncements and note on COVID-19

Recent Accounting pronouncements which are not yet effective.

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021.

Covid-19 impact analysis

In view of the lockdown across the country due to the outbreak of COVID pandemic, operations in many of the Company's locations (manufacturing, warehouses, offices, etc.) are scaled down or shut down in compliance with the directives/ orders issued by the local Panchayat/ Municipal Corporation/State/Central Government authorities.

As per management's current assessment, no significant impact on carrying amounts of capital work in progress, inventories, goodwill, intangible assets, trade receivables, investments and other financial assets is expected, and management will continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these Financial Statements.

Note 3: PROPERTY, PLANT & EQUIPMENT

	Freehold land	Leasehold Land	Buildings	Plant and Equipment	Electric Installation	Furniture and Fixtures	Office Equipment	Laboratory Equipment	Vehicles	Total
Gross carrying amount										
As at 1 April 2019	2,593	249	20,046	1,39,999	2,828	277	985	358	837	1,68,172
Additions	-	-	714	4,160	2	9	42	2	189	5,118
Disposals	-	-	-	(14)	-	(1)	(9)	-	(158)	(182)
Reclassified on account of adoption of Ind AS 116		(249)	-	-	-	-	-	-	-	(249)
Gross carrying amount as at 31 March 2020	2,593	-	20,760	1,44,145	2,830	285	1,018	360	868	1,72,859
Accumulated depreciation										
Balance as at 1 April 2019	-	(12)	(2,412)	(29,786)	(809)	(137)	(474)	(87)	(356)	(34,073)
Depreciation charge for the year	-	-	(874)	(8,919)	(270)	(38)	(251)	(50)	(152)	(10,554)
On disposals	-	-	-	1	-	-	7	-	35	43
Reclassified on account of adoption of Ind AS 116		12	-	-	-	-	-	-	-	12
Accumulated depreciation as at 31 March 2020	-	-	(3,286)	(38,704)	(1,079)	(175)	(718)	(137)	(473)	(44,572)
Net carrying amount as at 31 March 2020	**2,593**	**-**	**17,474**	**105,441**	**1,751**	**110**	**300**	**223**	**395**	**1,28,287**
Gross carrying amount										
As at 1 April 2020	2,593	-	20,760	1,44,145	2,830	285	1,018	360	868	1,72,859
Additions	-	-	47	1,698	-	5	91	3	150	1,994
Disposals	-	-	-	(48)	-	-	(19)	-	(307)	(374)
Gross carrying amount as at 31 March 2021	2,593	-	20,807	145,795	2,830	290	1,090	363	711	174,479
Accumulated depreciation										
Balance as at 1 April 2020	-	-	(3,286)	(38,704)	(1,079)	(175)	(718)	(137)	(473)	(44,572)
Depreciation charge for the year	-	-	(878)	(9,107)	(245)	(26)	(138)	(54)	(130)	(10,578)
On disposals	-	-	-	28	-	-	16	-	108	152
Accumulated depreciation as at 31 March 2021	-	-	(4,164)	(47,783)	(1,324)	(201)	(840)	(191)	(495)	(54,998)
Net carrying amount as at 31 March 2021	**2,593**	**-**	**16,643**	**98,012**	**1,506**	**89**	**250**	**172**	**216**	**1,19,481**

Note: The above does not include stamp duty on the assets (land and other assets) transferred under a restructuring scheme from Deepak Fertilisers And Petrochemicals Corporation Limited (Holding Company) to the Company for which an application for adjudication has been made to the Collector of Stamps (Enforcement), Mumbai. The order in respect of the same is awaited. After completion of the aforesaid process, title deeds of leasehold and freehold land having gross block of ₹ 3,213 Lakhs (Net Block ₹ 3,199 Lakhs) will be transferred in the name of the Company.

Note 4: Capital Work-in-Progress

	31 March 2021	31 March 2020
Projects (Mainly comprising of building and plant and equipment) #	32,465	27,317
Others	4,704	1,324
Total	**37,169**	**28,641**

Includes borrowing cost of ₹ 8,118 Lakhs (31 March 2020 ₹ 5,485 Lakhs)

Note 5: Investment Property

	31 March 2021	31 March 2020
Gross carrying amount		
Opening gross carrying amount	461	461
Additions	-	-
Closing gross carrying amount	**461**	**461**
Accumulated depreciation		
Opening accumulated depreciation	-	-
Depreciation charge	-	-
Closing accumulated depreciation	**-**	**-**
Net carrying amount	**461**	**461**

(i) Fair value

	31 March 2021	31 March 2020
Investment properties	586	590

a) Disclosures relating to fair valuation of investment property

Fair value of the above investment property as at 31 March 2021 is ₹ 586 Lakhs (31 March 2020 : ₹ 590 Lakhs) based on external valuation.

Fair value Hierarchy

The fair values of investment properties have been determined by an external, independent property valuer, having appropriate recognised professional qualifications and relevant experience in the category of the land parcel being valued. The fair value measurement for the investment property has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The investment property constitutes agriculture land at Nashik.

Description of valuation technique used

The Company obtains independent valuations of its investment property after every three years as per requirement of Ind AS 40. The fair value of the investment property has been derived using the Direct Comparison Method. The direct comparison approach involves a comparison of the investment property to similar properties that have actually been sold in arms-length transaction or are offered for sale in the same region. This approach demonstrates what buyers have historically been willing to pay (and sellers willing to accept) for similar properties in an open and competitive market, and is particularly useful in estimating the value of the land and properties that are typically traded on a unit basis. This approach leads to a reasonable estimation of the prevailing price. Given that the comparable instances are located in close proximity to the investment property; these instances have been assessed for their locational comparative advantages and disadvantages while arriving at the indicative price assessment for investment property.

b) The Company has not earned any rental income on the above properties.

Note 6: Leases

A. Right-of-use assets

	Land and Building	Other Equipment	Leasehold Land (refer note 3)	Total
Balance as at 1 April 2019	1,202	3,924	-	5,126
Add: Reclassification on account of Ind AS 116	-	-	237	237
Add: Addition during the year	-	-	854	854
Gross carrying amount as on 31 March 2020	**1,202**	**3,924**	**1,091**	**6,217**
Add: Amortisation for the year	(237)	(549)	(4)	(790)
Closing accumulated amortisation as at 31 March 2020	**(237)**	**(549)**	**(4)**	**(790)**
Balance as at 31 March, 2020	**965**	**3,375**	**1,087**	**5,427**
Balance as at 1 April 2020	1,202	3,924	1,091	6,217
Add: Addition during the year	-	-	-	-
Gross carrying amount as on 31 March 2021	**1,202**	**3,924**	**1,091**	**6,217**
Accumulated amortisation as at 1 April 2020	(237)	(549)	(4)	(790)
Add: Amortisation for the year	(237)	(483)	(15)	(735)
Closing accumulated amortisation as at 31 March 2021	**(474)**	**(1,032)**	**(19)**	**(1,525)**
Balance as at 31 March, 2021	**728**	**2,892**	**1,072**	**4,692**

B. Lease liabilities

	As at 31 March 2021	As at 31 March 2020
Opening Balance	4,619	5,126
Add: Addition during the year	-	-
Add: Finance charge for the period	448	490
Less: Lease rental paid	(1,024)	(997)
Closing balance	**4,043**	**4,619**

	As at 31 March 2021	As at 31 March 2020
Current	904	926
Non Current	3,139	3,693
Total	**4,043**	**4,619**

C. Interest expenses on lease liabilities

	As at 31 March 2021	As at 31 March 2020
Interest on lease liabilities	448	490

D. Expenses on short term leases / low value assets

	As at 31 March 2021	As at 31 March 2020
Short term lease	1,605	1,328
Low value assets	-	-

E. Amounts recognised in the statement of cash flow

	As at 31 March 2021	As at 31 March 2020
Total cash outflow for leases	1,024	997

F. Maturity analysis – contractual undiscounted cash flows

	As at 31 March 2021	As at 31 March 2020
Less than one year	904	950
One to five years	3,345	5,071
More than five years	2,438	666
Total undiscounted lease liabilities at 31 March, 2021	**6,687**	**6,687**

Amortization expense on right of use assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31 March, 2019 compared to the lease liability as accounted as at 1 April, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

The company does not face significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Note 7: Intangible Assets

	Computer Software	Technical Know-how/ Engineering Fees	License/ Franchise Fees	Other Intangible Asset	Goodwill	Brand	Total
Gross carrying amount as on 31 March 2019	**542**	**332**	**1,002**	**4,031**	**77,192**	**93,714**	**1,76,813**
Additions	852	-	69	-	-	-	921
Disposals/ Transfers/ Adjustments	(16)	(4)	30	-	-	(10)	-
Gross carrying amount as on 31 March 2020	**1,378**	**328**	**1,101**	**4,031**	**77,192**	**93,704**	**1,77,734**
Additions	8	-	8	-	-	-	16
Disposals/ Transfers/ Adjustments	-	-	-	-	-	-	-
Gross carrying amount as on 31 March 2021	**1,386**	**328**	**1,109**	**4,031**	**77,192**	**93,704**	**1,77,750**
Accumulated Amortisation							
Closing accumulated amortisation as at 31 March 2019	**124**	**128**	**1,031**	**4,031**	**-**	**18,980**	**24,294**
Amortisation charge for the year	481	34	12	-	-	4,753	5,280
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31 March 2020	**605**	**162**	**1,043**	**4,031**	**-**	**23,733**	**29,574**
Amortisation charge for the year	124	27	15	-	-	4,753	4,919
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31 March 2021	**729**	**189**	**1,058**	**4,031**	**-**	**28,486**	**34,493**
Net Block as at March 31, 2021	**657**	**139**	**51**	**-**	**77,192**	**65,218**	**1,43,257**
Net Block as at March 31, 2020	**773**	**166**	**58**	**-**	**77,192**	**69,971**	**1,48,160**

FINANCIAL ASSETS

Note 8: Investment in subsidiaries and associates - non-current

	31 March 2021	31 March 2020
Investments in equity shares (unquoted) of subsidiaries (fully paid up)		
72,800 (31 March 2020 : 72,800) equity shares of Platinum Blasting Services Pty Ltd of AUD 100 each fully paid up	3,769	3,769
10,000 (31 March 2020 : 10,000) equity shares of Mahadhan Farm Technologies Private Limited of ₹ 10 each	1,383	1,383
85,961 (31 March 2020 : 63,956) equity shares of Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited) of ₹ 10 each	65,668	40,963
Total (equity instruments)	**70,820**	**46,115**
Total	**70,820**	**46,115**
Aggregate amount of unquoted investments	70,820	46,115

Note 8 (a): Current investments

	31 March 2021	31 March 2020
Unquoted		
Investment in mutual funds (carried at fair value through profit and loss)	33,793	-
Total	**33,793**	**-**

Note 9: Investments

	31 March 2021	31 March 2020
Investment in equity shares (unquoted) (fully paid up) (fair value through profit and loss)		
4,715 (31 March 2020 : 4,715) equity shares of Punjab National Bank	3	3
Total	**3**	**3**

Note 10: Trade receivables

	31 March 2021	31 March 2020
Trade Receivables		
Unsecured, considered good	70,699	100,668
Unsecured, credit Impaired	4,118	1,678
Less: Impairment loss allowance	(4,118)	(1,678)
Total	**70,699**	**100,668**

Movement in allowance for expected credit loss:

	31 March 2021	31 March 2020
Balance at beginning of the year	1,678	1,195
Add: Allowance for expected credit loss	2,440	874
Less: Utilized during the year	-	(391)
Balance as at the end of the year	**4,118**	**1,678**

Trade Receivables include ₹ 19,032 Lakhs (31 March 2020 ₹ 39,668 Lakhs) towards fertiliser subsidy receivable from the Government of India.

Note 11: Loans

	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
Unsecured, considered good				
Loan to subsidiaries (Refer Note 44)	362	-	390	-
Loan to employees	44	-	66	-
Other loans	3	-	7	-
Security deposits	-	620	-	349
Total	**409**	**620**	**463**	**349**

Note 12: Cash & cash equivalents

	31 March 2021	31 March 2020
Balances with banks		
- in current accounts	5,125	3,289
Deposits with original maturity up to three months	2,371	563
Cash on hand	6	6
Total	**7,502**	**3,858**

Note 13: Other bank balances

	31 March 2021	31 March 2020
Deposits with maturity up to 12 months from the reporting date	-	374
Total	**-**	**374**

Note 14 (a): Other financial assets

	31 March 2021		31 March 2020	
	Current	Non-Current	Current	Non-Current
(i) **Derivatives**				
Derivatives not designated as hedges	139	-	1,675	-
(i) **Others**				
Interest receiveable	92	-	27	-
Deposit with banks with maturity after twelve months from the reporting date	-	136	-	76
Financial Guarantee Asset	774	353	278	213
Others	686	97	-	**7**
Total	**1,691**	**586**	**1,980**	**296**

Note 14 (b): Tax assets and liabilities

	31 March 2021	31 March 2020
Non-current tax assets (net)	697	1,619
Current tax liabilities (net)	530	98

Note 15: Other non-current assets

	31 March 2021	31 March 2020
Capital advances	1,526	1,869
Balance with government authorities	733	667
Prepaid expenses	81	-
Total	**2,340**	**2,536**

Note 16: Inventories

	31 March 2021	31 March 2020
Raw materials Includes ₹ 60.36 Lakhs (31 March 2020 ₹ 5,739) in transit	16,427	18,169
Finished goods	7,062	20,604
Stock-in-trade	9,463	4,823
Stores and spares Includes ₹ 381 Lakhs (31 March 2020 ₹ 16 Lakhs) in transit	11,167	10,826
Packing materials	2,386	1,870
Total	**46,505**	**56,292**

Note 17: Other current assets

	31 March 2021	31 March 2020
Advances for supply of goods and services	1,626	1,175
Balances with government authorities	6,975	6,215
Prepaid expenses	742	609
Other receivables	675	100
Total	**10,018**	**8,099**

Note 18: Share capital

	31 March 2021	31 March 2020
Authorised		
35,50,00,000 equity shares of ₹ 10/- each. (31 March 2020: 35,50,00,000 equity shares of ₹ 10/- each)	3,550	3,550
	5,350	**5,350**
Issued, subscribed and fully paid-up share capital		
1,70,50,000 equity shares of ₹ 10/- each (31 March 2020: 1,70,50,000 equity shares of ₹ 10/- each)	1,705	1,705
Fully paid-up share capital as at year end	**1,705**	**1,705**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the year end

	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares				
Balance as at the beginning and at the end of the year	1,70,50,000	1,705	1,70,50,000	1,705
Add: Issued during the year	-	-	-	-
	1,70,50,000	**1,705**	**1,70,50,000**	**1,705**

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Holder of each equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholding. The distribution will be in proportion to the numbers of equity shares held by the shareholders.

(ii) Details of shareholders holding more than 5% shares in the company

	31 March 2021		31 March 2020	
	Number of shares	% Holding	Number of shares	% Holding
Deepak Fertilisers And Petrochemicals Corporation Limited	1,70,49,994	100%	1,70,49,994	100%

Note 19: Other Equity

Nature and purpose of other equity

(a) **Securities premium**: Amount received in excess of face value of the equity shares is recognized in Securities Premium. The reserve is eligible for utilisation in accordance with the provisions of the Companies Act, 2013.

(b) **Capital redemption reserve**: The Company had issued redeemable preference shares and as per the provisions of the Act where preference shares are redeemed out of divisible profits, an amount equal to the nominal value of shares so redeemed must be transferred to capital redemption reserve, out of divisible profits. Accordingly this reserve is created and utilisation will be as per the provisions of Companies Act, 2013.

(c) **General reserve:** This represents appropriation of profits by the Company to General Reserve and is available for distribution of dividend.

(d) **Retained earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

(e) **Fair value of financial guaranteee:** The Holding Company has provided the guarantee for the funds raised by the Company for which guarantee commission is neither planned nor likely to be settled in near future and accordingly fair value of the guarantee commission is recorded as a component of equity.

FINANCIAL LIABILITIES

Note 20: Non-current borrowings

	Terms of repayment & Maturity date	Coupon/ Interest rate	31 March 2021	31 March 2020
Secured				
Term loans				
State Bank of India	Repayable in 28 quarterly instalments starting from June 2017 onwards.	10.25% per annum	18,073	25,405
Export Import Bank Of India (Loan 1)		9.60% to 9.80% per annum	4,288	5,716
Export Import Bank Of India (Loan 2)	Repayable in 28 quarterly instalments starting from June 2020 onwards.	9.55% to 9.75% per annum	27,049	28,662
Unsecured				
Compulsory convertible debentures - International Finance Corporation		8% per annum (IRR - 15.25%)	22,180	10,638
From related parties			43,551	-
Total non-current borrowings			**1,15,141**	**70,421**
Less: Current maturities of long-term debt (included in Note 22)			9,358	9,358
Total			**1,05,783**	**61,063**

The term loans from State Bank of India and Export Import Bank of India have been availed for financing NPK project. The term loans are secured by pari passu first charge to be created on the entire fixed assets pertaining to Nitro phosphate plant (NPK project). All present and future immovable and movable fixed assets pertaining to NPK project from Plot K1 to Plot K5., MIDC Industrial Area, Taloja, Dist. Raigad.

The term loan from Export Import Bank of India (Loan 2) are secured by hypothecation of movable fixed assets i.e Plant and machinery located at Plot No. 7, Haryana Industrial Development Corporation Panipat and original title deeds of Panipat land having surrendered to Export Import Bank of India (Loan 2). Further term loan are secured by pari passu charge to be created on the fixed assets located at Plot K7, K8 MIDC Taloja.

Note 21: Current borrowings

	31 March 2021	31 March 2020
Loans repayable on demand		
Secured		
- Short term loan	7,500	52,300
- Cash credit facilities	-	1,410
	7,500	**53,710**
Unsecured		
From related parties	5,000	815
Total current borrowings	**5,000**	**815**
Total	**12,500**	**54,525**

Short term loan from various banks amounting to ₹ 7,500 Lakhs (31.03.2020 : ₹ 52,300 Lakhs) is due within 180 days from the draw down date, carrying interest rate of 9.14% at 31 March 2021 (31 March 2020 – 9.14%) and is secured by a first charge by way of hypothecation of stocks of raw materials, stock-in-process, consumable stores and book debts.

Cash credit amounting - Nil (31 March 2020 ₹ 1,410 Lakhs) is repayable on demand carrying interest rate of - Nil (31 March 2020 : 9.75%) and is secured by a first charge by way of hypothecation of stocks of raw materials, stock-in-process, consumable stores and book debts.

Loan from related party carries average interest rate 9.79% (31 March 2020 - 9.34%)

Note 22: Other financial liabilities

	31 March 2021	31 March 2020
Non-current		
Security deposits	4,292	-
Embedded Derivative	100	170
Financial Guarantee Liability	1,420	-
Total	**5,812**	**170**
Current		
Current maturities of non-current borrowings	9,358	9,358
Interest accrued	3,072	597
Security deposits	1,690	5,118
Capital creditors	1,452	1,567
Due to directors	1,108	19
Embedded Derivative	-	548
Financial Guarantee Liability	729	-
Salary payables	1,979	1,461
Others	45	497
Total	**19,433**	**19,165**

Note 23: Provisions

	31 March 2021		31 March 2020	
	Current	Non - Current	Current	Non - Current
Provision for employee benefits				
Gratuity	317	2,697	717	2,275
Compensated absences	227	630	234	940
Defined pension benefits	129	138	88	18
Post-employment medical benefits	-	-	-	-
Total (A)	**673**	**3,465**	**1,039**	**3,233**

(A) Defined Contribution Plans

The Company has certain defined contribution plans such as provident fund, employee state insurance, employee pension scheme, employee superannuation fund wherein specified percentage is contributed to them. During the year, the Company has contributed following amounts to:

Particulars	31 March 2021	31 March 2020
Employer's contribution to provident fund	583	587
Employer's contribution to employee's pension scheme	198	179
Employer's contribution to superannuation fund	688	864
Employer's contribution to employee state insurance	6	7

(B) Defined Benefit Plans

i. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 6.60% p.a. (31 March 2020: 6.40% p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2020: 60 years) and mortality table is as per IALM (2012-14) (31 March 2020: IALM (2012-14)).

The estimates of future salary increases, considered in actuarial valuation is 8% p.a. (31 March 2020: 8% p.a.), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India and India First Life Insurance in respect of gratuity scheme of the Company. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return on plan assets is 6.40% p.a. (31 March 2020: 7.50% p.a.).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	3,607	2,965
Current service cost	278	220
Interest cost	221	210
Actuarial loss	185	550
Benefits paid	(303)	(338)
Present value of obligation at the end of the year	3,988	3,607

Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets:

Particulars	31 March 2021	31 March 2020
Present value of obligation at the end of the year	3,988	3,607
Fair value of plan assets at the end of the year	973	614
Net (asset)/liabilities recognised in the Balance Sheet	3,015	2,993

Fair value of Plan assets :

Particulars	31 March 2021	31 March 2020
Plan assets at the beginning of the year	614	293
Interest Income	49	33
Expected return on plan assets	4	(9)
Contribution by employer	306	297
Actual benefits paid	-	-
Actuarial gain/(loss)	-	-
Plan assets at the end of the year	973	614

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2021	31 March 2020
Current service cost	278	220
Interest cost	172	177
Expense recognised in the Statement of Profit and Loss	450	397

Amount recognised in the other comprehensive income:

Particulars	31 March 2021	31 March 2020
Remeasurements Cost / (Credit)	185	550
Actuarial (gain)/loss on plan assets	(4)	9
Amount recognised in the Other Comprehensive Income	181	559

Sensitivity analysis :

Particulars	31 March 2021		31 March 2020	
	Discount rate		Discount rate	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit (decrease)/increase	(224)	248	(159)	172

Particulars	31 March 2021		31 March 2020	
	Future salary increase		Future salary increase	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit (decrease)/increase	205	(189)	(139)	151

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant.

ii. **Defined pension benefits**

The Company has a Post Retirement Benefit plan, which is a defined benefit retirement plan, according to which executives superannuating from the service after ten years of service are eligible for certain benefits like medical, fuel expenses, telephone reimbursement, club membership etc. for specified number of years. The liability is provided for on the basis of an independent actuarial valuation.

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of post retirement benefits. The discount rate assumed is 6.60% p.a. (31 March 2020: 6.40% p.a) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2020: 60 years) and mortality table is as per IALM (2012-14) (31 March 2020: IALM (2012-14).

Reconciliation of opening and closing balances of the present value of the defined benefit obligation:

Particulars	31 March 2021	31 March 2020
Present value of obligation at the beginning of the year	106	101
Current service cost	22	25
Past service cost	-	-
Interest cost	6	7
Actuarial loss	145	(24)
Benefits paid	(12)	(3)
Present value of obligation at the end of the year	267	106

Expense recognised in the Statement of Profit and Loss under employee benefits expense:

Particulars	31 March 2021	31 March 2020
Current service cost	22	25
Past service cost	-	-
Interest cost	6	7
Expense recognised in the Statement of Profit and Loss	28	32

Amount recognised in the other comprehensive income:

Particulars	31 March 2021	31 March 2020
Remeasurements Cost / (Credit)	145	(24)
Actuarial (gain)/loss on plan assets	-	-
Amount recognised in the Other Comprehensive Income	145	(24)

Sensitivity analysis :

Particulars	31 March 2021		31 March 2020	
	Discount rate		Discount rate	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(66)	94	(24)	32

Note 24: Trade payables

	31 March 2021	31 March 2020
Trade payables		
(a) total outstanding dues of micro and small enterprises	512	369
(b) total outstanding dues of creditors other than micro and small enterprises	108,038	111,542
Total	**1,08,550**	**1,11,911**

Trade payables as stated above includes trade creditors related to materials for ₹ 1,01,829 Lakhs (31 March 2020 – ₹ 72,199 Lakhs)

Details of dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

	31 March 2021	31 March 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount outstanding (whether due or not) to micro and small enterprises	512	369
- Interest due thereon	15	41
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	5,388	1,730
Amount of interest due and payable on delayed payments	89	67
Amount of interest accrued and remaining unpaid as at year end	172	67
The amount of further interest remaining due and payable even in the succeeding year	-	-

Details of Micro and Small Enterprises as define under the MSMED ACT, 2006

To comply with the requirements of the Micro, Small And Medium Enterprises Development Act, 2006, the Company requested its suppliers to confirm whether they are covered as Micro, Small or Medium enterprise as is defined in the said Act. Based on the communications received from such suppliers confirming their coverage as such enterprise, the Company has recognised them for the necessary treatment as provided under the Act, from the date of receipt of such confirmations.

Note 25: Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

	31 March 2021	31 March 2020
(a) Deferred tax assets	(45,905)	(37,777)
(b) Deferred tax liabilities	49,943	50,844
Net deferred tax liabilities	**4,038**	**13,067**

Movements in deferred tax liabilities:

Movements during the year ended 31 March 2021:

	1 April 2020	Credit/ (charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2021
Property, plant and equipment and investment property and Intangible assets	50,844	(901)	-	49,943
Financial assets at fair value through profit or loss/FVOCI	(369)	-	(114)	(483)
MAT credit	(3,460)	3,460	-	-
Expenses allowable in the year of payment (Section 43B of Income Tax Act 1961)	(1,189)	103	-	(1,086)
Business loss	(32,753)	(10,764)	-	(43,517)
Others (include provision for doubtful debts)	(6)	(813)	-	(819)
Net deferred tax liabilities	**13,067**	**(8,915)**	**(114)**	**4,038**

Movements during the year ended 31 March 2020:

	1 April 2019	Credit/ (charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2020
Property, plant and equipment and investment property and Intangible assets	47,971	2,873	-	50,844
Financial assets at fair value through profit or loss	(182)	-	(187)	(369)
MAT credit	(3,295)	(165)	-	(3,460)
Provisions	(998)	(191)	-	(1,189)
Business loss	(30,504)	(2,249)	-	(32,753)
Others	(66)	60	-	(6)
Net Deferred tax liabilities	**12,926**	**328**	**(187)**	**13,067**

Note 26: Other current liabilities

	31 March 2021	31 March 2020
Advances from customers	1,099	828
Statutory dues payable	815	651
Other payables	14	-
Total	**1,928**	**1,479**

Note 27: Revenue from operation

	31 March 2021	31 March 2020
Sale of products		
Finished goods	2,78,681	2,35,645
Traded goods	44,220	30,494
Subsidy on manufactured fertilisers	60,515	45,026
Subsidy on traded fertilisers	7,016	3,708
Other operating revenues	393	197
Total	**3,90,825**	**3,15,070**

Note 28: Other income

	31 March 2021	31 March 2020
Dividend income from subsidiary	-	164
Interest income from financial assets measured at amortized cost	350	315
Net gain on sale of investments	181	140
Other non-operating income	287	776
Total	**818**	**1,395**

Note 29: Cost of materials consumed

	31 March 2021	31 March 2020
Raw materials as at the beginning of the year	18,169	22,497
Add: Purchases during the year	2,09,934	1,78,045
Less: Raw material as at the end of the year	16,427	18,169
Total	**2,11,676**	**1,82,373**

Note 30: Purchase of stock-in-trade

	31 March 2021	31 March 2020
Purchases of stock-in-trade	45,798	23,894
Total	**45,798**	**23,894**

Note 31: Changes in inventories of stock-in-trade and finished goods

	31 March 2021	31 March 2020
Opening balance		
Finished goods	20,604	28,281
Stock-in-trade	4,823	7,697
Total opening balance	**25,427**	**35,978**
Closing balance		
Finished goods	7,062	20,604
Stock-in-trade	9,463	4,823
Total closing balance	**16,525**	**25,427**
Total	**8,902**	**10,551**

Note 32: Employee benefit expense

	31 March 2021	31 March 2020
Salaries, wages and bonus	18,322	15,962
Contribution to provident fund and other funds	1,475	1,637
Gratuity	450	397
Post-employment pension benefits	29	32
Staff welfare expenses	949	947
Total	**21,225**	**18,975**

Note 33: Finance costs

	31 March 2021	31 March 2020
Interest and finance charges	14,034	15,866
Finance charges on finance leases	448	490
Interest others	575	547
Less: Interest capitalised	(2,633)	(1,042)
Total	**12,424**	**15,861**

Note 34: Depreciation and amortisation expense

	31 March 2021	31 March 2020
Depreciation on property, plant and equipment*	11,761	12,028
Amortisation of right of use assets	735	790
Amortisation on intangible assets	4,919	5,280
Total	**17,415**	**18,098**

* Depreciation amounting to ₹ 1,182 Lakhs transferred from holding company Deepak Fertilisers And Petrochemicals Corporation Limited as common sharing cost. (31 March 2020: ₹ 1,473 Lakhs)

Note 35: Other expenses

	31 March 2021	31 March 2020
Consumption of stores and spares	6,001	4,835
Power, fuel and water	6,393	5,295
Repairs to :		
- Building	521	489
- Plant and machinery	4,606	4,012
- Others	993	760
Rent	1,054	1,458
Insurance	1,087	948
Rates, taxes and duties	1,271	1,432
Travelling and conveyance	299	892
Legal and professional fees	2,045	2,735
Payments to auditors [Refer Note 35(a) below]	46	39
Directors' fees	18	17
Carriage outward (net)	18,129	14,480
Warehouse and handling charges	139	324
Loss on disposal of property, plant and equipment	30	50
Commission on sales	282	267
Sales and promotion expenses	983	1,011
Utility services	1,075	995

	31 March 2021	31 March 2020
Communication expenses	100	222
Corporate social responsibility expenditure [Refer Note 35(b) below]	80	5
Foreign exchange fluctuations loss (net)	-	2,505
Provision for doubtful debts	2,441	482
Miscellaneous expenses	2,151	1,980
Total	**49,744**	**45,233**

Note 35(a): Details of payments to auditors

	31 March 2021	31 March 2020
Payment to auditors		
As auditor:		
Audit fee	27	27
Tax audit fee	3	3
Certification fees/Other Matters	10	7
In other capacities		
Taxation matters	6	1
Reimbursement of expenses	-	1
Total	**46**	**39**

Note 35(b): Corporate social responsibility expenditure

	31 March 2021	31 March 2020
Contributions to Ishanya Foundation	53	-
Others	27	5
Total	**80**	**5**
Amount required to be spent as per Section 135 of the Act	78	67
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	80	5

Note 36: Fair value measurements

(i) Financial instruments by category

	31 March 2021			31 March 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments at fair value	3	-	-	3	-	-
- Mutual funds	33,793	-	-	-	-	-

	31 March 2021			31 March 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Trade receivables	-	-	70,699	-	-	100,668
Cash and cash equivalents	-	-	7,502	-	-	3,858
Other bank balances	-	-	-	-	-	374
Loans	-	-	1,029	-	-	812
Other financial assets						
- Security deposits	-	-	-	-	-	-
- Derivative financial assets, not designated as hedges	139		-	1,675	-	-
- Interest receivable	-	-	92	-	-	27
- Deposit with banks	-	-	136	-	-	76
- Financial Guarantee Asset	-	-	1,127	-	-	491
- Others	-	-	783	-	-	7
Total financial assets	**33,935**	**-**	**81,368**	**1,678**	**-**	**106,313**
Financial liabilities						
Borrowings	-	-	1,27,641	-	-	1,24,946
Lease Liabilities	-	-	4,043	-	-	4,619
Trade payables	-	-	1,08,550	-	-	1,11,911
Other financial liabilities						
- Capital creditors	-	-	1,452	-	-	1,567
- Security deposits	-	-	5,982	-	-	5,118
- Interest accrued	-	-	3,072	-	-	597
- Embedded derivative	100	-	-	718	-	-
- Financial Guarantee Liability			2,149			-
- Others	-	-	3,132	-	-	1,977
Total financial liabilities	**100**	**-**	**2,56,021**	718	**-**	**2,50,735**

(ii) Fair value hierarchy

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required) :

The different levels have been defined as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level-1 that are observable for asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Financial assets and liabilities measured at fair value	31 March 2021				31 March 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL								
Equity shares	3	-	-	3	3	-	-	3
Mutual funds	33,793	-	-	33,793	-	-	-	-
Derivatives not designated as hedges								
Foreign exchange forward contracts/options	-	139	-	139	-	1,675	-	1,675
Total financial assets	**33,796**	**139**	**-**	**33,935**	**3**	**1,675**	**-**	**1,678**
Financial liabilities								
Derivatives								
Foreign exchange forward contracts/option contracts	-	100	-	100	-	718	-	718
Total financial liabilities	**-**	**100**	**-**	**100**	**-**	**718**	**-**	**718**

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2021 and 31 March 2020

(iii) Valuation process to determine fair value

The following methods and assumptions were used to estimate the fair values of financial instruments:

i) The fair values of investments in debt and government securities is based on the current bid price of respective investment as at the Balance Sheet date.

ii) The fair values of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date, NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from investors.

Note 37(a): Financial risk management

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company, through three layers of defence namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversee the formulation and implementation of the Risk management policies. The risk are identified at business unit level and mitigation plans are identified, deliberated and reviewed at appropriate forums.

The Company has exposure to the following risks arising from financial instruments:

(i) credit risk;

(ii) liquidity risk; and

(iii) market risk.

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments.

The carrying amount of financial assets represents the maximum credit risk exposure.

Trade receivables and other financial assets

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and business intelligence. Sale limits are established for each customer and reviewed annually.

Any sales exceeding those limits require approval from the appropriate authority as per policy.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the Company and existence of previous financial difficulties.

Expected credit loss for trade receivables:

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The balance past due for more than 6 month (net of expected credit loss allowance), excluding receivable from group companies is ₹ 2,993 Lakhs (31 March 2020: ₹ 503 Lakhs)

Movement in the expected credit loss allowance of trade receivables are as follows:

	31 March 2021	31 March 2020
Balance at the beginning of the year	1,678	1,195
Add: Provided during the year (net of reversal)	2,440	874
Less: Amount written off/reversed	-	(391)
Balance at the end of the year	4,118	1,678

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivable, management believes these to be high quality assets with negligible credit risk. The management believes that the parties from which these financial assets are recoverable, have strong capacity to meet the obligations and hence the risk of default is negligible and accordingly no provision for excepted credit loss has been provided on these financial assets.

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's 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 the Company's reputation.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements. Short term liquidity situation is reviewed daily by treasury. Longer term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments.

31 March 2021	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	1,27,641	21,858	77,054	28,729	127,641
Obligations under finance lease	4,043	904	3,139	-	4,043
Trade payables	53,573	53,573	-	-	53,573

31 March 2021	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Interest accrued	3,026	3,026	-	-	3,026
Security deposits	5,982	5,982	-	-	5,982
Other financial liabilities	4,584	4,484	100	-	4,584
Total non-derivative liabilities	**1,98,849**	**89,827**	**80,293**	**28,729**	**1,98,849**
Derivatives financial liabilities					
Embedded derivative	100	-	-	100	100
Financial Guarantee Liability	2,149	729	1,420	-	2,149
Interest accrued	46	46	-	-	46
Trade payables	54,977	54,977	-	-	54,977
Total derivative liabilities	**57,272**	**55,752**	**1,420**	**100**	**57,272**

31 March 2020	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	1,24,946	63,883	46,401	14,662	1,24,946
Obligations under finance lease	4,619	926	3,693	-	4,619
Trade payables	62,598	62,598	-	-	62,598
Interest accrued	597	597		-	597
Security deposits	5,118	5,118		-	5,118
Other financial liabilities	4,262	4,092	170	-	4,262
Total non-derivative liabilities	**2,02,140**	**1,37,214**	**50,264**	**14,662**	**2,02,140**
Derivatives financial liabilities					
Embedded Derivative	718	548	-	170	718
Trade payables	49,313	49,313	-	-	49,313
Total derivative liabilities	**50,031**	**49,861**	**-**	**170**	**50,031**

iii. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company. The currencies in which the Company is exposed to risk are USD, GBP and EUR.

The Company follows a natural hedge driven currency risk mitigation policy to the extent possible. Any residual risk is evaluated and appropriate risk mitigating steps are taken, including but not limited to, by entering into forward contracts.

Exposure to currency risk

(i) The Company's exposure to foreign currency risk at the end of the reporting period is presented in Note No. 46.

(ii) The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and forward contracts.

	Impact on profit after tax	
	31 March 2021	31 March 2020
USD sensitivity		
INR/USD - appreciated by 1% (31 March 2020-1%)	554	506
INR/USD - depreciated by 1% (31 March 2020-1%)	(554)	(506)
EURO sensitivity		
INR/EURO - appreciated by 1% (31 March 2020-1%)	1	3
INR/EURO - depreciated by 1% (31 March 2020-1%)	(1)	(3)
AED sensitivity		
INR/GBP - appreciated by NIL (31 March 2020-1%)	0	-
INR/GBP - depreciated by NIl (31 March 2020-1%)	(0)	-

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. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

The following table provides a break-up of the Company's fixed and floating rate borrowings:

	31 March 2021	31 March 2020
Variable rate borrowings	49,410	59,783
Fixed rate borrowings	78,231	65,163
Total borrowings	**1,27,641**	**1,24,946**

(ii) Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for floating rate liabilities assuming the amount of the liability outstanding at the year-end was outstanding for the whole year.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2021 would decrease / increase by ₹ 247 Lakhs (for the year ended 31 March 2020: decrease / increase by ₹ 299 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Note 38: Capital Management

(a) Risk Management

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that its can continue to provide returns for its shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents and other bank balances) and divided by Total 'equity' (as shown in the Balance Sheet).

The gearing ratios were as follows:

	31 March 2021	31 March 2020
Net debt	1,20,139	1,20,714
Total equity	2,83,988	2,63,259
Net debt to equity ratio	**0.42**	**0.46**

Note 39(a): Names of the related parties and relationships

A Holding Company

1 Deepak Fertilisers And Petrochemicals Corporation Limited

B Subsidiary Companies

1 Platinum Blasting Services Pty Ltd. [PBS] (Subsidiary)

2 Australian Mining Explosives Pty Ltd. (100% Subsidiary of PBS)

3 Performance Chemiserve Limited (till 2nd May 2019 known as Performance Chemiserve Private Limited)

4 Mahadhan Farm Technologies Private Limited (w.e.f 1 October 2019)

C Fellow Subsidiaries

1 Complete Mining Solution Private Limited (till 18 November 2019 known as Runge Pincock Minarco India Private Limited)

2 Yerrowda Investments Limited

3 Deepak Mining Services Private Limited

4 Deepak Nitrochem Pty.Ltd.

5 SCM Fertichem Limited

6 Ishanya Brand Services Limited (w.e.f 16 March 2020, previously associate)

D Key Management Personnel

(a) Executive directors

Mr. Yeshil Mehta

(b) Non-executive directors

Mr. Sailesh Chimanlal Mehta
Ms. Parul Sailesh Mehta
Mr. Tapan Kumar Chatterjee
Mr. Madhumilan Parshuram Shinde

('c) Non-executive Independent directors

Mr. Partha Sarathi Bhattacharya
Mr. Sewak Ram Wadhwa
Mr. Urmilkumar Purushottamdas Jhaveri
Mr. Ashok Kumar Purwaha

(d) Company Secretary

Mr. Pankaj Gupta

(e) Chief Finance Officer

Mr. Amitabh Bhargava

E Entities over which Key Managerial Personnel are able to exercise significant influence:

1 Robust Marketing Services Private Limited

2 Nova Synthetic Limited

3 Blue Shell Investments Private Limited

4 The Lakaki Works Private Limited

5 Superpose Credits and Capital Private Limited

6 Storewell Credits and Capital Private Limited

7 High Tide Investments Private Limited

8 Deepak Asset Reconstruction Private Limited

9 Mahadhan Investment and Finance Private Limited

10 Ishanya Foundation

11 Deepak Foundation

F Relatives of Key Management Personnel

Ms. Rajvee Mehta

G Entities over which relatives of key management personnel are able to exercise significant influence:

1 Deepak Nitrite Limited.

2 Deepak Phenolics Limited

3 Sofotel Infra Private Limited

H Associates of Holding Company

1 Ishanya Realty Corporation Limited

Note 39(b): Related Party transactions:

Sr. No.	Nature of Transactions	31 March 2021						31 March 2020					
		Holding Company	Subsi-diaries	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises over which relatives of Key Management Personnel are able to exercise significant influence	Total	Holding Company	Subsi-diaries	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises over which relatives of Key Management Personnel are able to exercise significant influence	Total
1	**Sale of goods**												
	Deepak Fertilisers And Petrochemicals Corporation Limited	11,446	-	-	-	-	11,446	14,564	-	-	-	-	14,564
	Deepak Nitrite Limited	-	-	-	-	138	138	-	-	-	-	152	152
	Mahadhan Farm Technologies Limited*	-	1,417	-	-	-	1,417	-	1,053	-	-	-	1,053
2	**Rendering of services/ reimbursement of expenses**												-
	SCM Fertichem Limited	-	-	-	-	-	-	-	21	-	-	-	21
3	**Purchase of goods and services**												-
	Deepak Fertilisers And Petrochemicals Corporation Limited	(40,358)	-	-	-	-	(40,358)	(58,140)	-	-	-	-	(58,140)
	Mahadhan Farm Technologies Limited*	-	(2,506)	-	-	-	(2,506)	-	(2,275)	-	-	-	(2,275)
4	**Receiving of services/ reimbursement of expenses**												-
	Deepak Fertilisers And Petrochemicals Corporation Limited	(14,238)	-	-	-	-	(14,238)	(13,736)	-	-	-	-	(13,736)
	Platinum Blasting Services Pty Ltd		-	(5)	-	-	(5)	-	(95)	-	-	-	(95)
	M P Shinde		(14)	-	-	-	(14)	-	-	(7)	-	-	(7)
5	**Interest on loan taken**												-
	Deepak Fertilisers And Petrochemicals Corporation Limited	(2,426)	-	-	-	-	(2,426)	(98)	-	-	-	-	(98)
6	**Interest on loan given**												-
	Mahadhan Farm Technologies Limited*	-	32	-	-	-	32	-	27	-	-	-	27

		31 March 2021						31 March 2020					
Sr. No.	Nature of Transactions	Holding Company	Subsi-diaries	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises over which relatives of Key Management Personnel are able to exercise significant influence	Total	Holding Company	Subsi-diaries	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises over which relatives of Key Management Personnel are able to exercise significant influence	Total
7	**Dividend received**												-
	Platinum Blasting Services Pty Ltd	-	-	-	-	-	-	-	164	-	-	-	164
8	**Donation given**												-
	Ishanya foundation	-	-	-	(53)	-	(53)	-	-	-	-	-	-
9	**Remuneration (including perquisites)****												-
	Mr Yeshil Mehta	-	-	(1,077)	-	-	(1,077)	-	-	(102)	-	-	(102)
	Mr Pankaj Gupta	-	-	(53)	-	-	(53)	-	-	(44)	-	-	(44)
	Other Directors Commission	-	-	(135)	-	-	(135)	-	-	-	-	-	-
10	**Loan and Advances taken**												-
	Deepak Fertilisers And Petrochemicals Corporation Limited	47,736	-	-	-	-	47,736	815	-	-	-	-	815
11	**Loan and Advances given**												-
	Mahadhan Farm Technologies Limited*	-	-	-	-	-	-	-	(700)	-	-	-	(700)
12	**Loan and Advances repaid**												-
	Deepak Fertilisers And Petrochemicals Corporation Limited	-	-	-	-	-	-	(6,000)	-	-	-	-	(6,000)
13	**Loan and Advances repaid**												-
	Mahadhan Farm Technologies Limited*	-	-	-	-	-	-	-	310	-	-	-	310
14	**Equity Share Purchase**												-
	Performance Chemiserve Limited	-	22,499	-	-	-	22,499	-	-	(1,382)	-	-	(1,382)
	Parul Mehta	-	-	-	-	-	-	-	-	(1)	-	-	(1)
15	**Asset Purchase**												-
	Smartchem Technologies Limited	-	-	-	-	-	-	(686)	-	-	-	-	(686)

Sr. No.	Nature of Transactions	31 March 2021						31 March 2020					
		Holding Company	Subsi-diaries	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises over which relatives of Key Management Personnel are able to exercise significant influence	Total	Holding Company	Subsi-diaries	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant Influence	Enterprises over which relatives of Key Management Personnel are able to exercise significant influence	Total
16	**Amount outstanding**												-
	Trade payables/(Receivables)						-						-
	Deepak Fertilisers And Petrochemicals Corporation Limited	(8,086)	-	-	-	-	(8,086)	(15,775)	-	-	-	-	(15,775)
	Mahadhan Farm Technologies Limited*	-	47	-	-	-	47	-	(254)	-	-	-	(254)
	Deepak Nitrite Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
	Remunerations payable						-						-
	Mr Yeshil Mehta	-	-	(973)	-	-	(973)	-	-	-	-	-	-
	Mr Pankaj Gupta	-	-	-	-	-	-	-	-	-	-	-	-
	Other directors commission	-	-	(135)	-	-	(135)	-	-	-	-	-	-
	Trade receivables												-
	Deepak Nitrite Limited	-	-	-	-	30	30	-	-	-	-	33	33
	Interest payable						-						-
	Deepak Fertilisers And Petrochemicals Corporation Limited	(2,426)	-	-	-	-	(2,426)	(98)	-	-	-	-	(98)
	Interest receivable												-
	Mahadhan Farm Technologies Limited*	-	-	-	-	-	-	-	9	-	-	-	9
	Loan receivable												-
	Mahadhan Farm Technologies Limited*	-	362	-	-	-	362	-	390	-	-	-	390
	Loan repayable												-
	Deepak Fertilisers and Petrochemicals Corporation Limited	(48,551)	-	-	-	-	(48,551)	(815)	-	-	-	-	(815)

Note : Figures in bracket are outflows.

All Transactions are in ordinary course and on an arm's length basis.

* Mahadhan Farm Technologies Private Limited (w.e.f 01 October 2019 subsidiary)

**Remuneration does not include sitting fees paid to non-executive directors of ₹ 18 Lakhs (31 March 2020 : ₹ 17 Lakhs).

Note 40: Contingent liabilities and commitments

	31 March 2021	31 March 2020
A. Contingent liabilities		
Claims against the Company not acknowledged as debts	6,322	5,669
Income Tax demands	21	21
Sales Tax/VAT Demands	1,937	1,928
Local Body Tax	633	633
Total	**8,913**	**8,251**
B. Commitments		
Related to Projects	10,366	10,811
Other capital commitments	3,247	2,038
Total	**13,613**	**12,849**

Note 41

GAIL has claimed a sum of ₹ 357 crores in respect of supply of domestic natural gas for the period July 2006 to May 2014 (inclusive of interest till 2016), alleging usage for manufacture of products other than Urea. As per two contracts entered into 2006 and 2010 between the Company and GAIL, the purchase of gas was clearly intended, supplied and utilised for industrial applications. It has been in the full knowledge of the Department of Fertilisers, Government of India that the Company; as per the industrial license, since its inception was never engaged in the manufacture of Urea and the dispute was referred to Arbitration.

Claims by GAIL were divided into two parts by Company while challenging arbitration. Claim under Gas Sales and Transportation Agreement of 2006 is non-arbitrable. Similarly, the claim for the period from 2011 to 2013; are barred by limitation. Accepting Company's stand, the Arbitration Tribunal has rejected the claims of GAIL vide orders dated 05.09.2017 and 13.12.2017. Thereafter GAIL filed Arb Appeal (COMM) NO. 3/2018 challenging the order dated 05.09.2017 and OMP (COMM) No. 31/2018 before Hon'ble Delhi High Court, which dismissed both the appeals vide its order dated 20.12.2018 and upheld the order of Arbitrator.

Consequently, GAIL has preferred a Special Leave petition before the Hon'ble Supreme Court against dismissal of Arb Appeal (COMM) 3/2018 and also preferred an appeal before Divisional bench of Hon'ble Delhi High Court against dismissal of OMP (COMM) No 31/2018. Both the petitions are pending adjudication as at the reporting date.

Note 42

Pursuant to the provisions of Section 132 and 133A of the Income-tax Act, 1961, a search operation was conducted by the Income Tax Department during the period from 15 November 2018 to 21 November 2018. During the year, the Company has filed the application with the Income Tax Settlement Commission (ITSC) for the earlier years to conclude the final assessment and to avoid protracted and expensive litigation for these years. The applicable tax on additional income offered and interest paid has been provided for in the financial statements.

Note 43 : Leases

The Company has taken premises on operating lease for a period of one to five years. The future lease payment of such operating lease is as follows:

	31 March 2021	31 March 2020
Minimum Lease rental payable		
Not later than 1 year	904	926
Later than 1 year and not later than 5 years	3,139	3,693
Later than 5 years	-	-
Total	**4,043**	**4,619**

Note 44: Disclosure Required Under Section 186(4) of Companies Act, 2013

Loans and advances to related parties includes loan given to a subsidiary. The particulars of which are disclosed below as required.

Name of the party	Rate of interest	Purpose, Due date and amount payable	31 March 2021	31 March 2020
Mahadhan Farm Technologies Limited	8.29%	The loan has been granted to the subsidiary for repayment of shareholder's loan. The loan is repayable on demand.	362	390

Note 45: Foreign currency balances outstanding

	31 March 2021		31 March 2020	
	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs
Hedged Position*				
Creditors (in USD)	752	54,977	652	49,313
Interest accrued (in USD)	1	46	-	-
Total	**753**	**55,023**	**652**	**49,313**
Un-hedged Position				
Creditors (in USD)	-	-	14	1,060
Creditors (in EURO)	-	41	1	83
Interest accrued (in EURO)	-	19	2	171
Creditors (in GBP)	-	1	-	-
Exports (in USD)	(5)	(414)	(3)	(210)
Total	**(5)**	**(353)**	**14**	**1,104**

* The above transactions are hedged by the following derivative contracts:

	31 March 2021		31 March 2020	
	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs
Forward Contracts - USD	283	20,671	-	-
Options Contracts - USD	471	34,353	652	49,313
Total	**754**	**55,024**	**652**	**49,313**

The Company has chosen to not designate the foreign exchange forward contracts and options contracts as hedges under IND AS 109.

Note 46: Income Taxes

A. Tax expense recognised in the statement of profit and loss

	31 March 2021	31 March 2020
I. Tax expense recognised in the statement of profit and loss		
Current Tax		
Current Year	13,333	214
Total (A)	**13,333**	**214**
Deferred tax charge/(credit)	(8,915)	328
Total (B)	**(8,915)**	**328**
Total (A+B)	**4,418**	**542**

	31 March 2021	31 March 2020
II. Tax on Other Comprehensive Income		
Deferred Tax (Gain)/Loss on remeasurement of net defined benefit plans	(114)	(187)
Total	**(114)**	**(187)**

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2021 and 31 March 2020

	31 March 2021	31 March 2020
Accounting profit before tax	24,459	1,480
At India's statutory income tax rate of 34.944% (31 March 2020: 34.944%) (A)	**8,547**	**517**
Impact on current and deferred tax of earlier years (Refer Note 42)	1,259	-
Deferred tax recognized on reasonable certainty	(5,652)	-
Others	264	25
Total (B)	**(4,129)**	**25**
Income Tax expense reported in the statement of profit or loss (A+B)	**4,418**	**542**

Note 47: Segment Reporting

Sr. No.	PARTICULARS	CHEMICALS	FERTILISERS	OTHERS	COMMON	TOTAL
1	**Revenue**					
	a) **External Sales**					
	i) **Manufactured**	**1,22,598**	**2,17,051**	**-**	**-**	**3,39,649**
	Previous Year	*1,22,315*	*1,58,553*	-	-	*2,80,868*
	ii) **Traded**	**3,145**	**48,031**	**-**	**-**	**51,176**
	Previous Year	*1,369*	*32,833*	-	-	*34,202*
	b) **Other operating income**	**-**	**-**	**818**	**-**	**818**
	Previous Year	-	-	*1,395*	-	*1,395*
	c) **Unallocated Corporate other income**	**-**	**-**	**-**	**-**	-
	Previous Year	-	-	-	-	-
	Total Revenue	**1,25,743**	**2,65,082**	**818**	**-**	**3,91,643**
	Previous Year	*1,23,684*	*1,91,386*	*1,395*	-	*3,16,465*
2	**Segment Result**	**30,871**	**19,557**	**-**	**-**	**50,428**
	Previous Year	*31,277*	*3,336*	-	-	*34,613*
3	**Unallocated Corporate expenses**	**-**	**-**	**-**	**25,969**	**25,969**
	Previous Year	-	-	-	*33,133*	*33,133*
4	**Net profit**	**-**	**-**	**-**	**-**	**24,459**
	Previous Year	-	-	-	-	*1,480*

Sr. No.	PARTICULARS		CHEMICALS	FERTILISERS	OTHERS	COMMON	TOTAL
5	**Other Information**						
	a)	**Segment Assets**	**2,74,173**	**2,27,900**	**-**	**48,670**	**5,50,743**
		Previous Year	*2,55,250*	*2,62,442*	-	*15,936*	*5,33,628*
	b)	**Segment Liabilities**	**23,129**	**1,19,452**	**-**	**1,24,174**	**2,66,755**
		Previous Year	*35,345*	*1,58,626*	-	*76,398*	*2,70,369*
	c)	**Capital Expenditure incurred during the year**	**7,578**	**2,740**	**-**	**-**	**10,318**
		Previous Year	*2,474*	*3,266*	-	-	*5,740*
	d)	**Depreciation/ Amortisation**	**8,964**	**8,451**	**-**	**-**	**17,415**
		Previous Year	*8,227*	*9,871*	-	-	*18,098*

Segment information

1. Primary segment reporting (by business segments)
   Composition of business segment

Segment	Products covered
a) Chemicals	Ammonia, TAN
b) Bulk Fertilisers	NP, MOP, DAP, Ammonium Sulphate, Mixtures, SSP, Sulphur,
	Micronutrients, SSF, Bio Fertilisers.

2. Secondary Segment Information: There are no reportable geographical segments since the Company caters mainly to needs of Indian Markets.

Note 48:

Previous year figures are given in bracket/italics.

Note Nos. 1 to 48 form an integral part of the financial statements

As per our report of even date attached

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No.: 105102W

Himanshu Goradia
Partner
Membership No.: 045668

Place: Pune
Date: 27 May 2021

For and on behalf of Board of Directors of
Smartchem Technologies Limited

S. C. Mehta
Chairman
DIN: 00128204

Y. S. Mehta
Director
DIN : 07866312

Place: Pune
Date: 27 May 2021

Amitabh Bhargava
CFO

Pankaj Gupta
Company Secretary
Membership No: F-9219

NOTES

Company Information

C. K. Mehta
Chairman Emeritus

BOARD OF DIRECTORS

S. C. Mehta
Chairman and Managing Director

Yeshil S. Mehta
Executive Director

Parul S. Mehta
Non-Executive Woman Director

Dr. T. K. Chatterjee
Non-Executive
Non-Independent Director

M. P. Shinde
Non-Executive
Non-Independent Director

S. R. Wadhwa
Independent Director

U. P. Jhaveri
Independent Director

Ashok Kumar Purwaha
Independent Director

Partha Bhattacharyya
Independent Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

Pankaj Gupta
Associate Vice President &
Company Secretary

MANAGEMENT TEAM

Amitabh Bhargava
Chief Financial Officer

Mahesh Girdhar
President–Crop Nutrition Business

Tarun Sinha
President – Technical Ammonium Nitrate

BANKERS

State Bank of India
Bank of Baroda
HDFC Bank Limited
IDFC First Bank Limited
Axis Bank Limited
Kotak Mahindra Bank Limited
IDBI Bank Limited
Export Import Bank of India
IndusInd Bank

LEGAL ADVISORS

Crawford Bayley & Co.
Agarwal Law Associates
Zeus Law Associates
Hariani & Co.
Samvad Partners
Argus Partners
Link Legal

STATUTORY AUDITORS

B. K. Khare & Co.
Chartered Accountants

SECRETARIAL AUDITOR

Jog Limaye & Associates,
Company Secretaries

COST AUDITOR

Y R Doshi & Company
(FY 2020-21)
Harshad Deshpande & Associates
(FY 2021-22)

INTERNAL AUDITOR

Ernst & Young
V. P. Mehta & Co.

REGISTERED AND CORPORATE OFFICE

Sai Hira, Survey No. 93,
Mundhwa, Pune - 411 036,
Maharashtra.
CIN: U67120PN1987PLC166034
E-mail: pankaj.gupta@dfpcl.com
Website: www.smartchem.co.in
Phone: +91 20 6645 8000

PLANTS:

Plot K1, K7-K8,
MIDC Industrial Area,
Taloja, A.V. – 410 208,
District Raigad,
Maharashtra.

Village Ponnada,
Etcherla Mandalam,
Srikakulam – 532 408,
Andhra Pradesh.

Plot No. 47,
HSIIDC Industrial Estate,
Refinery Road,
Panipat – 132 140,
Haryana.

SMARTCHEM TECHNOLOGIES LIMITED

**Sai Hira, Survey No. 93,
Mundhwa, Pune - 411 036,
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CIN: U67120PN1987PLC166034
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