



**SMARTCHEM
TECHNOLOGIES
LIMITED**

ANNUAL REPORT 2021-22

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that Thirty-Fifth Annual General Meeting of the members of SMARTCHEM TECHNOLOGIES LIMITED will be held on Tuesday, 2nd August 2022, at 11:30 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 2022, and the Board's Report and Report of the Auditors thereon.
2. To appoint a director in place of Shri M P Shinde (DIN: 06533004), who retires by rotation and being eligible, offers himself for re-appointment.

■ SPECIAL BUSINESS

3. 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 2023, amounting to Rs. 2.75 Lakhs (Rupees Two Lakh Seventy-Five Thousand only) plus taxes as applicable and reimbursement of travel and out-of-pocket expenses at actual, in connection with the said audit, be and is hereby ratified and confirmed.

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

4. To consider appointment of Shri Alok Perti as an Independent 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 an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 149, 152 read with schedule IV and any other applicable provisions of the Companies Act 2013, and the Companies (Appointment and Qualification of Directors) Rules 2014 {including any statutory modification(s) or re-enactment thereof for the time being in force}, Shri Alok Perti (DIN: 00475747), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under section 149(6) of the Companies Act 2013, and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation and to hold office for first term of 3 consecutive years commencing from 1st November 2021 and ending on 31st October 2024.

RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and other applicable provisions of the Companies Act 2013, and the Rules made thereunder, Shri Perti be paid such fees and remuneration / profit- related commission as the Board may approve from time to time and subject to such limits as may be prescribed.

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

5. To consider re-appointment of Shri Yeshil S. Mehta as an Executive 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 196, 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 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 for the re-appointment of Shri Yeshil S. Mehta (DIN: 07866312) as an Executive Director of the Company for a further period of five years with effect from 1st April 2022, on the terms and conditions including remuneration as set out in the Explanatory Statement to Item No. 5 of this Notice convening the Annual General Meeting and draft of the Agreement to be entered into between the Company and Shri Yeshil S. Mehta.

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 re-appointment including remuneration, so long as it does not exceed the limits as set out in section 197 and other applicable provisions of the Companies Act 2013, read with

schedule V of the Companies Act 2013, (including any statutory modification or re-enactment thereof for the time being in force) 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”.

By Order of the Board of Directors



Pankaj Gupta

Company Secretary

M. No.: FCS9219

Date: 24th May 2022

Place: Pune

■ 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. The 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 shall 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 29th July 2022. 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. 3:

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) are required to 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 is also required to recommend remuneration for such auditor.

On recommendation of Audit Committee, the Board at their meeting held on 24th May 2022, has considered and approved the 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 Rs. 2.75 Lakhs (Rupees Two Lakh 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 2023.

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. 4:

Appointment of Shri Alok Perti as an Independent Director of the Company

The management of the Company, in view of the expansion plans of the Company, were looking to further strengthen the Board. The management of the Company were looking for persons having expertise in the fields of applied R&D and Governmental Affairs.

Accordingly, the Board of Directors vide their Circular Resolution dated 28th October 2021, appointed Shri Alok Perti as an additional director in the capacity of Independent Director for a first term of 3 consecutive years commencing from 1st November 2021 and ending on 31st October 2024, subject to the approval of shareholders.

Shri Perti has submitted the Declaration of Independence, as required pursuant to section 149(6) of the Companies Act 2013, stating that he meets the criteria of independence as provided in section 149(6).

The Board is of the opinion that Shri Perti possesses requisite skills, experience and knowledge relevant to the Company's business and it would be in the interest of the Company to have his association with the Company as director.

In the opinion of the Board, Shri Perti fulfills the conditions to be appointed as an Independent Director, specified in the Companies Act 2013, and rules made there under and Shri Perti is independent of the management.

In respect of the appointment of Shri Perti, a notice in writing in the prescribed manner, as required by section 160 of the Companies Act 2013, as amended and Rules made thereunder, has been received by the Company, regarding his candidature for the office of the director. Shri Perti is not disqualified from being appointed as a Director in terms of section 164 of the Act.

In accordance with the provisions of section 149 read with schedule IV to the Companies Act 2013, appointment of an Independent Director for the first term requires approval of members by way of an ordinary resolution.

Information about the appointee as per Secretarial Standards are as under:

Shri Alok Perti (69) holds bachelor's degree in science and a master's degree in physics from the University of Allahabad. Mr. Perti also holds master's degree in social planning & policy in developing countries from London School of Economics, United Kingdom. He joined Indian

Administrative Service in 1977 and has worked in various capacities with the Central Government and the Assam Government for several years in Ministry of Coal, he worked as Additional Secretary, Special Secretary and Secretary. He introduced GCV based grading and pricing system in the coal industry. He also notified the rules for introducing the procedure for allotment of coal blocks through the bidding route.

In Ministry of Defence, he was the Joint Secretary in the Dept. of Defence Production. He was also the member secretary to Kelkar Committee set up by the Ministry of Defence to suggest modifications in the defence procurement procedures for introducing indigenous industry into defence production.

In Ministry of Health and Welfare, he worked as Under Secretary, Deputy Secretary, Director and Joint Secretary. He worked as a consultant to WHO (World Health Organization) to prepare the project report for the second phase of the National Leprosy Elimination Programme for India. He also worked as a consultant to UNICEF in assisting the international team in authenticating the performance of Government of Bhutan in the expanded programme of Immunization.

During the period he worked in the ministry of defence and coal, he was director on the Board of several Public sector Companies which included Coal India Limited, Bharat Dynamics Ltd, Mazagon Dock Ltd, Goa Shipyards Ltd., Garden Reach and Shipbuilding Engineers Ltd, Hindustan Aeronautics Ltd, Bharat Electronics Ltd and Neyveli Lignite Corporation Ltd.

On retirement he was appointed as part-time Chairman of the Expert Appraisal Committee of Ministry of Environment and Forest which is for Hydro-electric and river projects.

Pursuant to the provisions of Secretarial Standards-2 (SS-2) issued by the Institute of Company Secretaries of India, brief particulars including shareholding of the Director proposed to be appointed is given at the end of the Notice and forms part of the Notice.

The terms and conditions of appointment of Independent Director will be available for inspection by members at the Registered Office of the Company between 11 a.m. and 1 p.m. on all working days of the Company up to and including the day of the meeting and same is also available on the Company's website.

Considering the illustrious background and enormous professional experience, the Nomination and Remuneration Committee approved the appointment of Shri Alok Perti as an Independent Directors and recommended to the Board. In turn the Board of Directors has approved the same and recommends an Ordinary Resolution set out at Item No. 4 for approval by the members of the Company.

Except Shri Alok Perti, 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, except the appointee Director(s) and his relatives.

Item No. 5:

The Shareholders of the Company, at their Annual General Meeting held on 21st September 2017, based on the recommendation of Nomination and Remuneration Committee and the Board had approved the appointment of Shri Yeshil S. Mehta as an Executive Director of the Company for a period of 5 years w.e.f. 10th August 2017.

Under the leadership of Shri Yeshil Mehta, the Company has achieved consistent increase in turnover and profitability over the years and the Company has also benefited by various initiatives taken by Shri Yeshil S. Mehta for the overall growth of the Company.

In view of the above valuable contribution made by Shri Yeshil S. Mehta and taking into consideration that his first term is coming nearer to an end and in order to align the increment cycle of Shri Yeshil S. Mehta with other employees of the Company, the Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 28th March 2022, had considered and approved the re-appointment of Shri Yeshil S. Mehta as an Executive Director of the Company w.e.f. 1st April 2022, on the following terms and conditions, subject to the approval of the shareholders of the Company:

(A) Salary:

Rs. 6,00,000/- (Rupees Six Lakhs only) per month in the scale of Rs. 6,00,000 – Rs. 6,50,000 – Rs. 7,00,000 – Rs. 7,50,000 – Rs. 8,00,000 per month, every financial year respectively.

(B) House Rent Allowance (HRA) – 50% of the Salary. In case the Company provides rent free furnished accommodation HRA will not be paid.

(C) Perquisites/ Allowances:

In addition to salary and commission, the Executive Director shall be entitled to the following perquisites / allowances:

- (i) Re-imburement of actual gas, electricity and water charges.
- (ii) Re-imburement of all medical expenses incurred for self and members of his family, as per the rules of the Company.
- (iii) Leave travel concession for self and members of his family at actual for the travel tickets within India once in a year.
- (iv) Fees of clubs subject to maximum of two clubs.
- (v) Life / mediclaim / critical illness Insurance as per the rules of the Company.
- (vi) Personal Accident Insurance, as per the rules of the Company.
- (vii) Use of telephone/ mobile/ telefax/ internet and other suitable communication facilities at the residence. Mobile bills will be reimbursed at actual as per the rules of the Company.
- (viii) The Company shall provide cars with chauffeur, subject to maximum of two cars. The expenditure on fuel, maintenance of the cars shall be reimbursed by the Company to the Executive Director.

Explanation: For the above purpose, perquisites/allowances shall be valued as per the Income-tax Rules, wherever applicable.

- (ix) Company's Contribution to Provident Fund, Superannuation Fund (subject to maximum of Rs. 1.50 Lakhs per annum), gratuity and encashment of leave, as per the rules of the Company.
- (x) Retirement and other benefits. as per the rules of the Company.

(D) Commission:

Commission at such percentage of the net profits of the Company computed in the manner laid down under the provisions of the Companies Act 2013, or such amount, as the Board of Directors may determine.

The total payment under (A) to (D) will not exceed 5% of net profit of the Company computed in the manner laid down under the provisions of the Companies Act 2013.

(E) Minimum Remuneration:

In the absence of or inadequacy of profits in any financial year during the tenure of the appointment, the salary, HRA and Perquisites/Allowances mentioned in paragraph (A) to (C) above shall be the minimum remuneration payable to Shri Yeshil S Mehta, subject to the applicable provisions of the Companies Act 2013.

A brief profile of Shri Mehta is as given below:

Shri Mehta has done Master's in Business Administration (MBA) from the prestigious Harvard Business School and had worked with Bain & Company, a Global Management Consulting Firm as a Consultant. Shri Mehta's association in Deepak Fertilisers and Petrochemicals Corporation Limited, began at his pre-MBA stage, with spearheading the team to acquire strategic interest in the Agri Business of Bananas from the Swiss consortium CFI followed by actual running of the operations. Post MBA, he also spearheaded the financial restructuring and renegotiations with CFI for demitting management control in line with the crystallisation of fresh produce strategy as a part of the McKinsey initiative. He also took leadership position in the exercise on future business strategy of the Group being carried out along with McKinsey

and BCG. Shri Mehta has been acting as an Executive Director of the Company from 10th August 2017.

Pursuant to the provisions of Secretarial Standards-2 (SS-2) issued by the Institute of Company Secretaries of India, brief particulars including shareholding of the Director proposed to be appointed is given at the end of the Notice and forms part of the Notice.

Shri 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 re-appointment. Shri Mehta is not disqualified from being re-appointed as Director in terms of section 164 of the Act.

Given the vast practical experience of Shri Yeshil S. Mehta in the business, the Nomination and Remuneration Committee approved the appointment of Shri Yeshil S. Mehta as an Executive Director and recommended to the Board. In turn the Board of Directors has approved the same and recommends the Special Resolution set out at Item No. 5 for approval by the members of the Company.

Except for Shri Yeshil S. Mehta, Shri Sailesh C. Mehta and Mrs. Parul 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.

By Order of the Board of Directors



Pankaj Gupta
Company Secretary

M. No.: FCS9219

Date: 24th May 2022

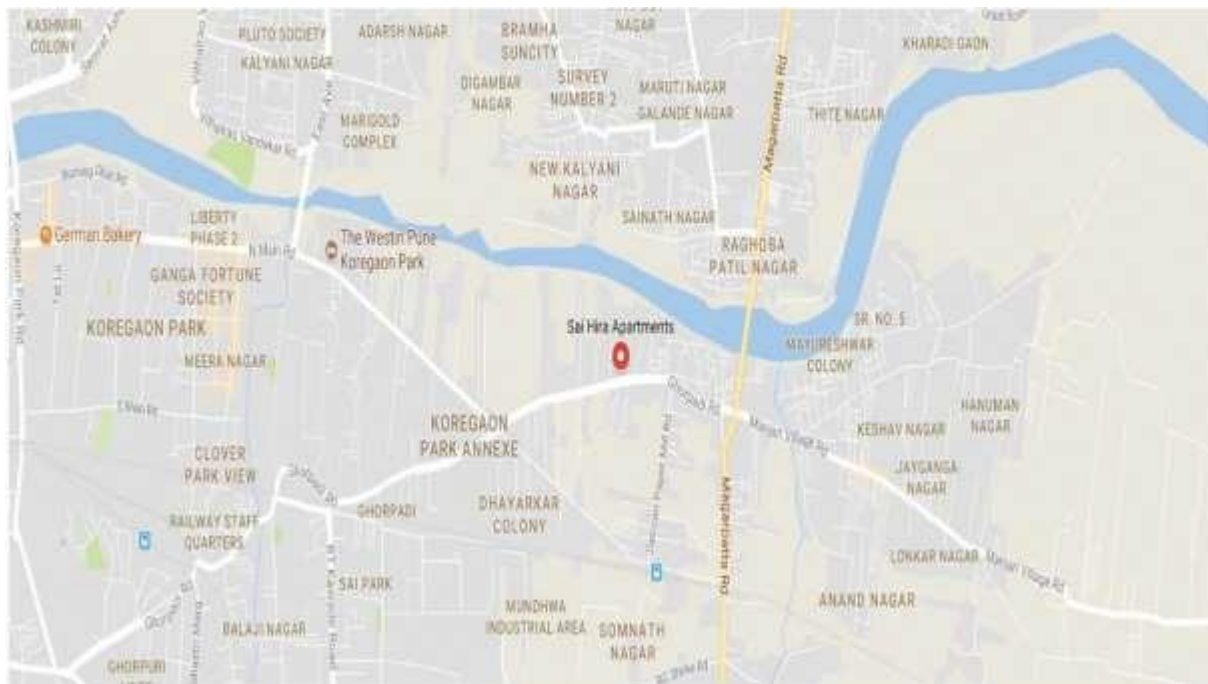
Place: Pune

Details of Directors seeking appointment / re-appointment at the Annual General Meeting

[In pursuance to the relevant provisions of Secretarial Standards - 2]

Name of the Director	Shri Alok Perti	Shri Yeshil Mehta
DIN	00475747	07866312
Date of Birth	15/05/1952	15/10/1988
Age	70	34
Qualification	Post-graduate	<ul style="list-style-type: none"> • Bachelor of Management Studies, Mumbai. • Master's in Business Administration, Harvard Business School, Boston
Date of Appointment	1 st November 2021	10 th August 2017
Expertise	Expertise in the fields of applied R&D and Governmental Affairs.	Expertise in the fields of Business Strategy.
Major Directorships	-	Yerrowda Investments Limited Smartchem Technologies Limited
Chairman / Member of the Committees in other companies	-	Securities Issue Committee - Smartchem Technologies Limited
Shareholding in the Company as on 31 st March 2022	Nil	Nil
Relationship between the Directors inter-se	Nil	Shri Yeshil S Mehta is the son of Shri Sailesh C. Mehta and Smt. Parul S. Mehta who are currently on the Board of the Company.
Terms and Conditions of Appointment	Refer to Explanatory Statement to Resolution number 4.	Refer to Explanatory Statement to Resolution number 5.

Map of Venue of Thirty-Fifth Annual General Meeting



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

Tel. : +91 20 6645 8000

Web : www.smartchem.co.in

CIN : U67120PN1987PLC166034

100% subsidiary of Deepak Fertilisers And Petrochemicals Corporation Limited

BOARD'S REPORT

To
The Members

Your Board of Directors have pleasure in presenting the Thirty-Fifth Annual Report together with the Audited Accounts of the Company for the Financial Year ended 31st March 2022.

1. Financial Results

The summarised financial results are as under:

(Rs. in Crore)

Particulars	2021-22	2020-21
Total Income	5,576.77	3,916.43
Total Expenses	4,900.04	3,671.84
Profit / (Loss) Before Tax (PBT)	676.73	244.59
Less:		
a) Provision for Income Tax	239.68	133.33
b) Provision for Deferred Tax (Credit)/Charges	(6.99)	(89.15)
Profit After Tax (PAT)	444.04	200.41
Other comprehensive income (net of tax)	(0.36)	(2.12)
Total Comprehensive Income	443.68	198.29

2. State of the Company's Affairs

Your Company has achieved total income of Rs. 5,576.77 Crore during the financial year under review as against previous financial year's level of Rs. 3,916.43 Crore. The

performance of both the business segments Crop Nutrition Business (CNB) and Technical Ammonium Nitrate Business (TAN), had been good during the year under review.

Profit before Tax (PBT) for the year under review increased to Rs. 676.73 Crore from Rs. 244.59 Crore in the previous year. Net Profit for the current year increased to Rs. 444.04 Crore from Rs. 200.41 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 differentiated NPK and specialty fertilisers in India. The business offers a wide range Crop Nutrition Solution NP (Nitro Phosphate), Smartek NPK and Croptek (Crop Nutrient solution), Solutek - Crop specific stage specific water-soluble product, Water Soluble Fertilisers and Superfast (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 Company is steadily developing innovative products and solutions that aid efficient usage of nutrition, improve soil health and thereby enhance crop productivity. The Company is providing Crop Nutrient Solution to farmer for improving their farm produce quality and yield. The Company has launched its unique crop nutrient solution product Croptek for Onion and Sugarcane during the year under review. Crop and stage Specific product launched under water-soluble fertiliser category also gaining good response from farmer. The Company is having Crop nutrient solution product pipeline ready for next few years. This will help the

Company to consolidate its market position on cash crops i.e. Sugarcane, Onion, Cotton, Grapes, Pomegranate, Banana etc.

The Company continued to adopt digital means of connecting with stakeholders, as per its strategy of seeing is believing, as under:

- Conducted 19000+ Single product demos on focus crops during the year under review.
- Connected to 4.2 Lakh farmer through 24400+ farmer connect activities such as demo site meeting, crop seminar, organised farmer meeting and Saarthie farmer meeting during the year under review.
- One to one calling by field teams to 9.8 Lakh farmers to explain value proposition of focus crops.
- Around 1 Lakh + Farmer connected through apps in last 3 years.
- 5 Lakh+ farmers connected to Mahadhan's Facebook page & YouTube channel in last 3 years.

Technical Ammonium Nitrate Business:

TAN Business delivered a robust performance supported by improvement in Domestic Demand in Q3 & Q4 of the financial year 2021-22. The Business managed to grow its revenue and EBITDA compared to the previous financial year 2020-21 amidst steep rise in raw material prices. This was achieved through a slew of measures including optimisation of product mix, competitive pricing (through renegotiation of customer contracts), value driven pricing (which was a result of Technical Services Team's successful demonstration of value & benefits to customers through execution of Total Cost of Ownership "TCO" Projects). The business turned around its Cartridge Explosives Forward Integration alliance which became profitable on standalone basis in the financial year 2021-22.

In line with the Company's overall strategy to be a solutions provider, TAN Business has been focusing on delivering value by improving mine and quarry productivity through last mile execution excellence, using specialty products and customised solutions, in a safe and consistent manner.

Some of the key initiatives undertaken by the TAN business during the financial year 2021-22 are:

- (i) Forward integration for finished products (Cartridge and Bulk explosives) required by the Mining and Infrastructure industries.
- (ii) Deployment of specially designed Bulk Mixing and Delivery (BMD) Trucks to deliver ANFO bulk explosives directly into the blast hole in mines.
- (iii) Identification of mine and quarry productivity improvement projects to optimise drilling, blasting, excavation, hauling and crushing costs.

The Company, to meet the rising demand for TAN, is expanding capacity in its existing Taloja plant and setting up a greenfield 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. Rs. 700 Crores in Performance Chemiserve Limited, Subsidiary of the Company, (PCL)

through rights issues, in five tranches, considering the progress of Ammonia Project, being set-up by PCL.

4. Compulsorily Convertible Debentures (CCDs)

In the financial years 2019-20 and 2020-21, the Company had issued Compulsorily Convertible Debentures on a private placement basis to International Financial Corporation (IFC), the details of which are as given below:

Date	Tranche	No. of CCDs	Face value	Amount
16 th October 2019	First	1050	Rs. 10,00,000 each	Rs. 105 Crores
5 th October 2020	Second	1,050	Rs, 10,00,000 each	Rs. 105 Crores
Total		2,100		Rs. 210 Crores

As on 31st March 2022, the aforesaid CCDs issued in the First Tranche and in the Second Tranche are outstanding.

5. Dividend

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

6. Transfer to Reserve

The closing balance of retained earnings of the Company for the financial year 2021-22, after all appropriations and adjustments was Rs. 740.22 Crore. During this year, the Company has not transferred any amount to general reserve.

7. Board of Directors

Composition and Category of Directors as on 31st March 2022 are as under:

Sr. No.	Name of Director	Category
1.	Shri Sailesh C. Mehta	Chairman and Managing Director
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
10.	Shri Alok Perti#	Independent Director

The Board of Directors through the Circular Resolution dated 28th October 2021 have appointed Shri Alok Perti as an additional director in the capacity of Independent Director w.e.f. 1st November 2021 subject to the approval of shareholders.

8. Appointment of Shri Alok Perti as an Independent Director of the Company

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, have approved the appointment of the Shri Alok Perti, as an additional director in capacity of Independent Director w.e.f. 1st November 2021.

Mr. Alok Perti holds a master's degree in Physics and a master's degree in social planning and policy from London School of Economics, UK, is an ex-IAS officer from the 1977 batch and has worked in various capacities in the Central Government particularly in Ministry of Defence, Coal, Health & Welfare and Assam Government for several years and has also worked as a consultant to WHO and UNICEF.

In the ensuing Annual General Meeting, the item in relation to appointment of Shri Alok Perti as an Independent Director is being taken up. All the information as required pursuant to the provisions of the Companies Act 2013, are provided in the Notice of the ensuing Annual General Meeting.

9. A statement regarding the opinion of board the with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year

As stated earlier, Shri Alok Perti has been appointed as an additional director in the capacity of Independent Director.

The Board is of the opinion that the aforesaid Independent Director appointed on the Board of the Company is person of high integrity and reputation, he possesses the requisite expertise and experience (including the proficiency).

10. Re-appointment of Shri Yeshil S. Mehta as an Executive Director of the Company

The Shareholders of the Company at their Annual General Meeting held on 21st September 2017 had approved the appointment of Shri Yeshil S. Mehta as an Executive Director of the Company for a period of 5 years w.e.f. 10th August 2017.

Under the leadership of Shri Yeshil S. Mehta, the Company has achieved consistent increase in turnover and profitability over the years and the Company has also benefited by various initiatives taken by Shri Yeshil S. Mehta for the overall growth of the Company.

In view of the above valuable contribution made by Shri Yeshil S. Mehta and taking into consideration that his first term is coming nearer to an end, the Board of Directors of the Company, at their meeting held on 28th March 2022, had approved re-appointment of Shri Yeshil S. Mehta as an Executive Director of the Company for a further period of five years with effect from 1st April 2022 to 31st March 2027, in order to align the increment cycle of Shri Yeshil S. Mehta with other employees of the Company, subject to the approval of shareholders.

All the information as required pursuant to the provisions of the Companies Act 2013, is provided in the Notice of the ensuing Annual General Meeting.

11. Number of Board Meetings held and attendance of Directors

During the year under review, Six Board Meetings were held on 27th May 2021, 19th July 2021, 9th August 2021, 11th November 2021, 27th January 2022 and 28th March 2022. 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	6
3.	Smt. Parul S. Mehta	5
4.	Dr. T. K. Chatterjee	6
5.	Shri M. P. Shinde	6
6.	Shri S. R. Wadhwa	6
7.	Shri U. P. Jhaveri	6
8.	Shri A. K. Purwaha	6
9.	Shri Partha Bhattacharyya	6
10.	Shri Alok Perti#	3

- # The Board of Directors through the Circular Resolution dated 28th October 2021 have appointed Shri Alok Perti as an additional director in the capacity of Independent Director w.e.f. 1st November 2021 subject to the approval of shareholders.

12. Director retiring by rotation

Shri M P Shinde (DIN 06533004) retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment pursuant to the provisions of Section 152 of Companies Act 2013.

13. 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.

14. 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 on 27th May 2021, 12th July 2021, 9th August 2021, 11th November 2021, 10th December 2021, 27th January 2022 and 28th March 2022, which were attended by all the members of Audit Committee.

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

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 auditors' 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 9th July 2021 and 25th March 2022, which was attended by all the members of CSR Committee.

The Board of Directors of the Company has approved a comprehensive CSR Policy as per the amended provisions of the Companies Act 2013. The CSR policy as also the CSR Projects as approved by the Board of Directors are available on the website of the Company at <https://smartchem.co.in/uploads/2021/08/STL-CSR-Policy.pdf>

Terms of reference of CSR policy of the Company

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 under review 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, two Nomination and Remuneration Committee Meeting were held on 27th May 2021 and 25th March 2022, 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 Nomination and Remuneration Committee (NRC)

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/uploads/2021/08/STL-Nomination-and-Remuneration-Policy.pdf>

(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, no meeting of the Securities Issue Committee was held.

15. Changes in Key Managerial Personnel (KMP)

The Shareholders of the Company at their Annual General Meeting held on 10th August 2021 had approved the appointment of Shri Sailesh C. Mehta as 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.

During the year under review, there was no change in key managerial personnel apart from the above.

16. Evaluation of performance of the Board, Chairman, Individual Directors and the Committees of the Board

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 financial year 2021-22. The Board at its Meeting held on 24th May 2022 reviewed the reports on performance assessment of the Board, its Committees, Chairman 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.

17. Meeting of Independent Directors

The Independent Directors met on 25th March 2022, inter-alia, to discuss 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.

Further, subsequent to close of financial year 2021-22, the Independent Directors met on 23rd May 2022, to inter alia, to discuss and review the following:

- (i) The performance of Non-Independent Directors and the Board of Directors as a whole.
- (ii) The performance of Chairman of the Company, taking into account the views of executive director and non-executive directors

All the Independent Directors were present at the Meeting.

18. 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 2022 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.

19. Statutory Auditors and their Report

The Members of the Company at the 34th Annual General Meeting held on 10th August 2021 have accorded their consent to re-appoint M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as Statutory Auditors of the

Company for the Second Term for a period of five years from the conclusion of 34th Annual General Meeting until the conclusion of 39th Annual General Meeting of the Company.

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

20. Cost Auditor and Cost Audit Report

Your Board of Directors have appointed M/s. Harshad Deshpande & Associates, Cost Accountants, (Firm Registration No. 00378), as the Cost Auditors of the Company for the financial year ended 31st March 2023, at their meeting held on 24th May 2022, at a remuneration of Rs. 2.75 Lakhs plus applicable taxes and out of pocket expenses at actual, which shall be subject to the approval of the members at the ensuing Annual General Meeting.

Further, M/s. Harshad Deshpande & Associates, Cost Accountants, will submit the cost audit report along with annexure for the financial year 2021-22 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 2021, was duly filed within specified time limits, with the Central Government (Ministry of Corporate Affairs) on 11th October 2021.

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.

21. 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 2021-22, pursuant to the provisions of Section 204 of the Companies Act 2013, which is annexed to this Board's Report (**Annexure - III**).

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 have appointed M/s. Jog Limaye & Associates, Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2022-23 at their meeting held on 24th May 2022.

22. 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.

23. Internal Auditors

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.

24. 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 Auditors. 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 the 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 2022, the Company's internal financial controls were adequate and operating effectively.

25. Subsidiary, Associate Company and Joint Venture Company

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 - IV** forming part of this Report.

26. 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.

27. 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/annual-return>

28. 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 Companies Act 2013, are not applicable.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

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

35. 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 Rules, 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.

36. Industrial Relations

Industrial Relations remained cordial during the year under report.

37. 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 - V** forming part of this Report.

38. 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 and Managing Director

DIN: 00128204)

Place: Pune

Date: 24th May 2022

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR ENDED

31ST MARCH 2022

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 serving 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 the 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. The details of Composition of CSR committee, CSR Policy and CSR projects approved by the Board of Directors of the Company are disclosed on the website of the company, the web-links of the same are as provided below:

Composition of CSR committee:

<https://www.smartchem.co.in/uploads/2017/04/Board-Committees.pdf>

CSR Policy:

<https://smartchem.co.in/uploads/2021/08/STL-CSR-Policy.pdf>

CSR projects:

<https://www.smartchem.co.in/uploads/2021/08/CSR-Approved-Projects-FY-2021-22.pdf>

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

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 (Rs. in Lakhs)	Amount required to be set-off for the financial year, if any (Rs. in Lakhs)
Nil			

6. Average net profit of the Company as per Section 135(5): **Rs. 10,301.00 Lakhs**
7. (a) Two percent of average net profit of the Company as per Section 135(5): **Rs. 206.03 Lakhs**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
- (c) Amount required to be set off for the financial year, if any: Nil
- (d) Total CSR obligation for the financial year (7a+7b- 7c): **Rs. 206.03 Lakhs**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in Lakhs)	Amount Unspent (Rs. in Lakhs)				
	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 (Rs. in Lakhs)	Date of transfer	Name of the Fund	Amount (Rs. in Lakhs)	Date of transfer
244.73	Nil	N.A.	N.A.	N.A.	N.A.

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

S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
1	Wadi Project	Livelihood Enhancement, Eradicating hunger, poverty and malnutrition	Yes	Maharashtra	Raigad
2	Dairy Development Project	Livelihood Enhancement	Yes	Maharashtra	Raigad

Project duration	Amount allocated for the project (Rs. in Lakhs)	Amount spent in the current financial Year (Rs. in Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. in Lakhs)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
					Name	CSR Registration number
(vi)	(vii)	(viii)	(xi)	(x)	(xi)	
3 Years	13.73	13.73	-	No	Ishanya Foundation	CSR00000211
3 Years	4.82	5.32	-	No	Ishanya Foundation	CSR00000211



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

S. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project	
				State	District
(i)	(ii)	(iii)	(iv)	(v)	
1	Aarogyam (Rural+ Urban) (Regular Activities and COVID 19 Activities)	Promoting healthcare including preventive healthcare	Yes	Maharashtra	Raigad Pune
2	Gyanam (Rural + Urban)	Education	Yes	Maharashtra Gujarat	Raigad Pune Bharuch
3	Community Development and Social Welfare (CDSW)	Employment enhancing vocation skills, Rural Development Project	Yes	Maharashtra	Raigad
4	Vocational Skills Development Project (VSDP)	Employment enhancing vocation skills	Yes	Maharashtra	Raigad Pune
5	Livelihood Enhancement Through Entrepreneurship Development (LEED)	Livelihood Enhancement	Yes	Maharashtra	Raigad Pune

Amount spent for the project (Rs. in Lakhs)	Mode of implementation -Direct (Yes/No)	Mode of implementation - Through implementing agency	
		Name	CSR Registration Number
(vi)	(vii)	(viii)	
120.25	No	Ishanya Foundation	CSR00000211
30.28	No	Ishanya Foundation	CSR00000211
13.09	No	Ishanya Foundation	CSR00000211
44.27	No	Ishanya Foundation	CSR00000211
17.79	No	Ishanya Foundation	CSR00000211

- (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): Rs. 244.73 Lakhs
- (f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (Rs. In Lakhs)
(i)	Two percent of average net profit of the company as per Section 135(5)	206.03
(ii)	Total amount spent for the Financial Year	244.73
(iii)	Excess amount spent for the financial year [(ii)-(i)]	38.70
(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)]	38.70

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

S. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under Section 135 (6) (Rs. in Lakhs)	Amount spent in the reporting Financial Year (Rs. in Lakhs)
(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. (Rs. in Lakhs)
Name of the Fund	Amount (Rs. in Lakhs)	Date of transfer.	
(v)	(vi)	(vii)	(viii)
NIL			

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

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

Total amount allocated for the project (Rs. in Lakhs)	Amount spent on the project in the reporting Financial Year (Rs. in Lakhs)	Cumulative amount spent at the end of reporting Financial Year. (Rs. in Lakhs)	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.

Note:

The Company has contributed to Ishanya Foundation (implementing Agency) excess amount of Rs. 1.01 Lakh for Wadi Project. The said excess amount will be spent by Ishanya Foundation on Wadi Project during the current financial year i.e., 2022-23.



S. R. Wadhwa

Chairman of the CSR Committee



24th May 2022



Parul S. Mehta

Director

* * * * *

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:

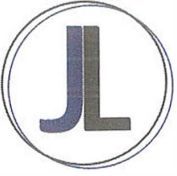
- (i) Basic pay
- (ii) HRA
- (iii) Allowances
- (iv) Perquisites and Benefits
- (v) Retiral benefits
- (vi) Performance Bonus i.e. incentive pay on the basis of the performance of the KMPs and SMPs.

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).

* * * * *



Jog Limaye & Associates

Practicing Company Secretaries

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

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

To,
The Members,
Smartchem Technologies Limited
Sai Hira, Survey No.93, Mundhwa,
Pune-411036, Maharashtra, India

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

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

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





Jog Limaye & Associates

Practicing Company Secretaries

- (i) the Companies Act, 2013 (the Act) amended from time to time and the Rules, Notifications and Circulars issued thereunder (in so far as they are made applicable) and
- (ii) other Laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on their sector/industry are-
1. Petroleum Act, 1934 and Rules, 2002;
 2. Explosive Act, 1908;
 3. Essential Commodities Act, 1955
 4. The Manufacturing, Storage and Import of Hazardous Chemicals Rules, 1989;
 5. Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;
 6. Ammonium Nitrate Rules, 2012;
 7. Fertiliser (Control) Order, 1985;
 8. Petroleum and Minerals Pipelines (Acquisition of Right Users in Land) Act, 1962

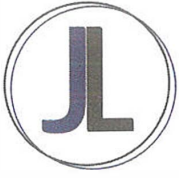
We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The "Institute of Company Secretaries of India".

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.





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Notice is given to all Directors to schedule the Committee and Board Meetings, agenda and detailed notes on agenda were sent well in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Generally, decisions at the Committee and Board Meetings are being taken with the unanimous approval of the Members and Directors. However, the views of all the dissenting Directors, if any, have been captured and recorded in the minute book.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that

At the Annual General Meeting of the Company held on 10th August 2021, following business were transacted:

- (1) The Shareholders passed an Ordinary Resolution to receive, consider and adopt audited financial statements of the Financial Year ended 31st March 2021, and the Board's Report and Auditor's Report thereon.
- (2) The Shareholders passed an Ordinary Resolution 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) The Shareholders passed an Ordinary Resolution 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.






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- (4) The Shareholders passed an Ordinary Resolution to re-appointment M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as Statutory Auditors.
- (5) The Shareholders passed an Ordinary Resolution to ratify the remuneration to be paid to the Cost Auditors of the Company.
- (6) The Shareholders passed a Special Resolution to consider appointment of Shri Sailesh C. Mehta as the Managing Director of the Company.
- (7) The Shareholders passed a Special Resolution to consider and approve increase in the overall Managerial Remuneration.
- (8) The Shareholders passed a Special Resolution 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.

We further report that during the audit period, there was no other event/action having major bearing on affairs of the Company.

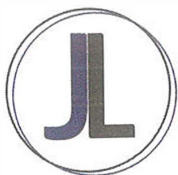
**For Jog Limaye & Associates
Company Secretaries**


Mandar Shrikrishna Jog
Partner
M. No. F9552
CP No.- 9798
UDIN: F009552D000301294
PR- 738/2020



**Date- 11.05.2022
Place - Pune**

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.



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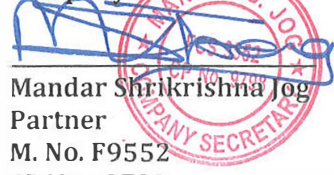
'ANNEXURE A'

To,
The Members,
Smartchem Technologies Limited
Sai Hira, Survey No.93,
Mundhwa, Pune 411036

Our Secretarial Audit Report of even date is to be read along with this letter.

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

For Jog Limaye & Associates
Company Secretaries


Mandar Shrikrishna Jog
Partner
M. No. F9552
CP No.- 9798
UDIN: F009552D000301294
PR- 738/2020

Place - Pune

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**(Rs. In Lakhs)**

Sr. No.	Particulars	Subsidiaries			
		Platinum Blasting Services Pty Ltd.	Australian Mining Explosives Pty Ltd	Performance Chemiserve Limited	Mahadhan Farm Technologies Private Limited
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	1 st April 2021 to 31 st March 2022	1 st April 2021 to 31 st March 2022	1 st April 2021 to 31 st March 2022	1 st April 2021 to 31 st March 2022
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	-	16.32	1
5	Reserves & Surplus	2,878	21	1,41,912	233
6	Total Assets	19,660	2,928	2,69,437	1,206
7	Total Liabilities	11,976	2,908	1,27,509	972
8	Investments	-	-	3,590	-
9	Turnover	38,495	1,010	470	4,320
10	Profit before taxation	3,000	175	737	297
11	Provision for taxation	472	51	188	69
12	Profit after taxation	2,528	124	549	228
13	Proposed Dividend	-	-	-	-
14	% of shareholding	65.00%	65.00%	93.43%	100.00%

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 2022.
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 93.43% 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 and Managing Director

DIN: 00128204

Place: Pune

Date: 24th May 2022

Annexure - V

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

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:

Taloja K1-6 Plant:

- (i) In Ammonium Nitrate (AN) Plant, the speed of the vacuum pump was increased from 960 rpm to 1060 rpm by installing a higher size motor (75 kW) with Variable Frequency Drive (VFD). This initiative has improved the vacuum of AN evaporator (E-308) from 0.65 bar(a) to 0.45 bar(a) for the same load (520 TPD). Consequently, the steam consumption in the AN evaporator has reduced by 4.8 MT per day which in turn saves Rs. ~ 53 Lakhs on annualised basis.
- (ii) In the Effluent Treatment Plant (ETP), the Dissolved Air Flotation (DAF) feed pump had higher operating margin on flow and head. The

required flow was 220 m³/hr and head was 20 mlc wherein an 18.5 kW pump would suffice. The existing 37 kW pump motor assembly was replaced with 18.5 kW pump and motor. The operating power saved by this initiative is 168 kWh per day, which in turn saves Rs. ~ 7.3 Lakhs on annualised basis.

Taloja K7-8 Plant:

- (i) Installed VFD for cooling water pump to optimise the cooling water flow rate in Bensulf plant, saved 8,152 units during the financial year 2021-22, which in turn saved Rs. ~ 0.5 Lakh, and have potential to save 38,808 units per year. Investment cost was Rs. 2.09 lakhs.
 - (ii) Conventional lighting fixtures from plant & warehouse are replaced with energy efficient LED light fittings, saved 19,125 units during the financial year 2021-22, which in turn saved Rs. ~ 2.2 Lakhs, and have potential to save 93,206 units per year. Saving will continue in future also. Investment cost was Rs. 26.52 lakhs.
 - (iii) The Company is in the process of installing an additional capacitor bank to maintain the power factor, which has potential to save 9,10,800 units per year. Investment cost will be Rs 35 lakhs.
- (b) **THE STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY:**

The Company has utilised 20,12,622 units from renewable energy source at JNPT site during the financial year 2021-22, through the open access mechanism.

(c) THE CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT:

As mentioned above in A (a).

B. TECHNOLOGY ABSORPTION

(1) The efforts made towards technology absorption

Taloja K7-8 Plant:

- (i) The Company has developed method to utilise the Sulphur sludge generated from Bensulf plant for the sustainability of plant operations. During the financial year 2021-22 total 435 MT sulfur sludge was consumed in K1 NPK plant.
- (ii) Based on successful AN recovery pilot plant trials, the Company has planned to have a full scale AN recovery unit with MVR technology. This will give the benefit of reduction in effluent TDS and reduction in raw water consumption by utilizing 144 m³/day process condensate generated from this process for cooling tower makeup. Project work has been initiated & commissioning will be completed in the financial year 2022-23. Investment cost is approx. Rs. 1020 lakhs.
- (iii) To capture export market and A class customer, the Company has developed inhouse technology and taken trials 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 work has been initiated and plant will be in operation in the financial year 2022-23. Investment cost is approx. Rs. 3070 lakhs.

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

Taloja K1-6 Plant:

Existing Rental Chiller, Heater and Air Handling Unit of ANP Plant for the product cooling application has been replaced with a unit from a different vendor. Overall savings is approx. Rs. 7.65 lakhs in the monthly rental expenditure.

Taloja K7-8 Plant:

- (i) The Company has enhanced Ammonium Nitrate production capacity from 900 TPD to 1050 TPD by installing new ammonia vaporizer at its K8 site in the financial year 2021-22. Total investment was approx. Rs. 46 lakhs.
- (ii) The Company has installed a new facility for loading AN Melt tanker at its K8 site to sell ammonium nitrate in molten form. Project work has been nearing completion and the facility will be in operational in the current the financial year 2022-23. Total investment cost is around Rs. 1364 lakhs.
- (iii) The Company has developed new vendor for supplying Bentonite raw material, to avoid single vendor dependency. Trials has been conducted successfully at K7 site and implementation is completed in the financial year 2021-22.
- (iv) The Company has enhanced ammonia loading capacity from 1320 MT per day to 1400 MT per day in the financial year 2021-22.

- (v) To improve the LDAN product quality, trials have been conducted with new additives. Observed satisfactory results and new additives are being used for the process.
- (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 Prilling (Taloja K-7)	2019-20	Yes	-
Vibro-Priller Technology for HDAN Prilling (Taloja K-7)	2020-21	Yes	-

(4) The expenditure incurred on Research and Development

(a) New Product Development Synergic to Existing Products Basket:

Taloja K1-6 Plant:

(i) Establishment of commercial production of Croptek (CNS 8:21:21 & CNS 9:24:24):

To develop and commercialise a holistic crop-specific solutions for fulfillment of the nutrient requirements of the crop, the Croptek 8:21:21 and Croptek 9:24:24 grades were established. Along with macronutrients

such as Nitrogen, Phosphorous and Potash each granule of the product contains micronutrients such as Iron, Magnesium, Boron, Zinc. The unique selling proposition of the products is that it eliminates separate dosing of micronutrient during the lifecycle of the crop. In the financial year 2021-22, the Croptek 8:21:21 production was 22,388 MT and Croptek 9:24:24 production was 41,341 MT.

(ii) Powdered Water-Soluble Fertiliser (WSF) (NP 24:24:0) has been established on a pilot scale as there is high demand for the product. The reduced dosage, ease of application and feeding of the nitrogen and phosphorus nutrient to the soil when compared to other generic fertilisers are the main reasons for the demand for this product. The Company has produced and commercially sold 3.325 MT of powdered WSF fertiliser in the financial year 2021-22.

(b) New Process Development to address cost margins & de-risk RM availability

Taloja K1-6 Plant:

Phosphoric acid manufacturing & calcium nitrate separation - Process developed in lab scale at R&D for manufacturing commercial grade phosphoric acid from rock phosphate to be utilised in NP & NPK fertilisers production. The rock phosphate digestion produces phosphoric acid & calcium nitrate wherein the latter is separated out and used as a by-product.

(c) Other R&D Initiative adding value to existing process.

Taloja K1-6:

- (i) Liquid Calcium Nitrate Fertiliser (100% Water soluble) – Prepared Calcium nitrate (100% water soluble) at Lab scale in R&D using Calcium carbonate (Bought out) and Nitric acid. Process and Quality established in R&D Lab scale. Scalp up validation is completed for Liquid Fertiliser.
- (ii) Powder WSF NP (20:20:00) with micronutrient (Zinc & Boron) – Developed and established process in R&D as per marketing & NPD team requirement. Trial successfully completed and product matching the Fertiliser Control Order (FCO) specification. Stacking also checked and product observed to be free flowing.
- (iii) Reprocessing lumpy & muddy Nature WSF NP in NP product – Developed the process in R&D to reprocess lumpy and muddy WSF. Trials established to utilise OFF spec WSF NP product to produce NP fertiliser meeting FCO specification. Total WSF recycle in NP Plant is approx. 15000 MT. The objective of this initiative is to realise optimum value from OFF spec product by minimising loss.
- (iv) ANP Effluent Water Recovery & Reuse: In ANP plant, effluent composite Streams from ANP panic pit, V311, CPU and V302 contains TDS- 650 to 700 PPM, ammoniacal nitrogen – 170 ppm, nitrate nitrogen 100 ppm & P₂O₅ -20 ppm with pH around 9-10. Experiments were carried out in R&D for effluent water reprocess by distillation process

& then with resin treatment. TDS was reduced to 80 PPM from 650 ppm.

Taloja K7-8:

- (i) To avoid dependency of single vendor for supplying coating agent for LDAN and to improve product quality, new vendor has been developed and trials are planned at K8 in different atmospheric conditions. Implementation will be done in the current financial year 2022-23.
- (ii) Phosphoric acid desludging – An inhouse method has been developed by using gear pump, hydraulic press filter to remove the sludge from phosphoric acid tank. Recovered 50 MT sludge from tank and utilised in K1 NPK plant. Trials have been conducted successfully. Large scale implementation will be done the financial year 2022-23.
- (d) **Benefits derived as a result of the above R & D**

As mentioned in (4) (a), (b) and (c) above.

C. Foreign exchange earnings and Outgo

Details of Foreign Exchange Earning are as under:

Rs. in Lakhs

Particulars	31 st March 2022	31 st March 2021
Export of goods (on FOB basis)	3,583.21	4073.27
Other Income	-	-
TOTAL	3,583.21	4073.27

Details of Foreign Exchange Outgo are as under:

Expenditure in Foreign Currency

Rs. in Lakhs

Particulars	31 st March 2022	31 st March 2021
Interest and repayment of Loans.	195.65	513.12
Technical fees to Foreign Vendors	1,382.81	774.24
Foreign Travels	-	-
Others (Net of Reimbursements)	16.80	385.07
Total	1,595.26	1672.44

CIF Value of Imports

Rs. in Lakhs

Particulars	31 st March 2022	31 st March 2021
Raw Materials	208,968.32	101363.97
Capital Goods	2,999.97	1503.91
Components & Spares	4,634.53	260.82
Stock-in-trade	38,281.02	12676.61
Total	254,883.84	115805.31

For and on behalf of the Board of Directors,


Sailesh C. Mehta

Chairman and Managing Director

DIN: 00128204)

Place: Pune

Date: 24th May 2022

* * * * *

B. K. Khare & Co. Chartered Accountants

706/708, Sharda Chambers, New Marine
Lines, Mumbai – 400 020, India

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, 2022, 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, 2022, 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 Note 42 to the Financial Statements. Pursuant to the provisions of the Income-tax Act, 1961, a Search Operation was conducted by the Income Tax Department in the year 2018-2019. The Company filed an application with the Income Tax Settlement Commission (ITSC) in the year 2020-2021 to avoid protracted and expensive litigation. Following the abolition of the ITSC by the Finance Act, 2021, the Company has withdrawn the said application on July 30, 2021. Accordingly, all pending proceedings shall be disposed of by the Income Tax Department in accordance with the provisions of the Income Tax Act, 1961. The uncertainty in the matter remains till the proceedings are concluded. Our conclusion is not modified in respect of this matter.



B. K. Khare & Co.

Chartered Accountants

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 matter described below to be the key audit matter to be communicated in our report:

Key Audit Matter	Response to Key Audit Matter
<p>Revenue recognition</p> <p>Revenue is measured at the fair value of the consideration received or receivable as reduced by dealer discounts and other similar allowances.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Refer Note 2(e) to the Financial Statements</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> • 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. • Performed cut-off procedures to ensure that revenue is accounted in the correct period. • Selected a sample of contracts and performed the following procedures: <ul style="list-style-type: none"> (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.



B. K. Khare & Co.

Chartered Accountants

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.



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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 controls.
- Obtain an understanding of internal financial controls 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 controls 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.



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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

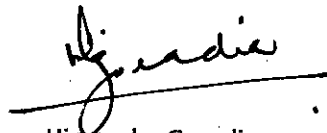
1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to 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, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
 - (h) With respect to the other matters to be included in the 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;



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- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (a) and (b) contain any material misstatement; and
- (v) The Company has not declared /paid/declared and paid any dividend during the year.

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



.. Himanshu Goradia
Partner
Membership No. 045668
UDIN: 22045668AJPOUC5668
Place: Mumbai
Date: May 24, 2022



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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, 2022 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.



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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.

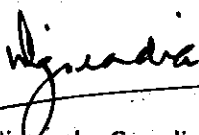
Inherent Limitations of Internal Financial Controls with reference to financial statements

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, 2022, 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



Hiranshu Goradia

Partner

Membership No. 045668

UDIN: 22045668AJPOUC5668

Place: Mumbai

Date: May 24, 2022



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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]

1. (a) (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 and investment properties.

(B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.
 - (b) The property, plant and equipment and investment properties are physically verified by the Company once in two years. The physical verification of property, plant and equipment and investment properties was conducted during the year and no material discrepancies were noticed on such verification. 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 and investment properties.
 - (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.
 - (d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
 - (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
2. (a) According to the information and explanations given to us, the inventory comprising of raw materials, finished goods, traded goods, packing materials and stores and spares has been physically verified at reasonable intervals by the management during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification between the physical inventory and the book records.
 - (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of inventory and trade receivables during the year. The stock statements / book debt statements filed by the Company with banks on a quarterly basis are materially in agreement with the unaudited books of account as certified by the management.



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3. (a) According to the information and explanations given to us, during the year, the Company has not provided any loans or advances in the nature of loans, secured or unsecured, or provided any security to companies, firms, Limited Liability Partnerships or any other parties. During the year, the Company has granted a guarantee to a subsidiary company, the details of which are as under:

Particulars	Guarantee given during the year
Aggregate amount during the year and Balance outstanding as at the Balance Sheet date	
- Subsidiary Company	Corporate Guarantee of Rs. 204,400 lakhs

- (b) According to the information and explanations given to us, the terms and conditions of the investment made and guarantee given by the Company to its subsidiary company during the year are not prejudicial to the Company's interest.
- (c) According to the information and explanations given to us, the loan granted to a subsidiary company in earlier years is repayable on demand. Accordingly, the reporting under Clause 3(iii)(c) of the Order relating to regularity of repayment of principal amount and payment of interest is not applicable to the Company.
- (d) According to the information and explanations given to us, the principal and interest amount of the loan granted by the Company to the company mentioned above are not overdue. Accordingly, the reporting under Clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us, the loan granted to the party mentioned above has not fallen due during the year. Accordingly, the reporting under Clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us, during the year, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Accordingly, the reporting under Clauses 3(iii)(f) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans granted, guarantees provided and investments made by the Company. The Company has not provided any security to the parties covered under Sections 185 and 186 of the Act.
5. According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.
6. 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, specified 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.



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7. (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, 2022, 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, 2022, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the Statute	Nature of the dues	Amount (Rupees in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
The Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	1,064	Financial Years 2001-2002 to 2003-2004 and 2008-2009 to 2014-2015	Hon'ble High Court, Andhra Pradesh
The Andhra Pradesh Value Added Tax Act, 2005	Value Added Tax	96	Financial Years 2015-2016 to 2017-2018	Andhra Pradesh Value Added Tax Appellate Tribunal
The Central Sales Tax Act, 1956	Central Sales Tax	17	Financial Year 2013-2014	Appellate Joint Commissioner of Sales Tax
The Central Sales Tax Act, 1956	Central Sales Tax	4	Financial Years 2008-2009 to 2011-2012	Hon'ble High Court, Andhra Pradesh
The Odisha Goods and Services Tax Act, 2017	Goods and Services Tax	693	Financial Year 2017-2018	Commercial Tax and GST Officer, Circle - Bhubaneswar, Odisha
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	35	Financial Year 2017 - 2018	Deputy Commissioner of State Tax, Maharashtra
The Central Sales Tax Act, 1956	Central Sales Tax	5	Financial Year 2017-2018	Deputy Commissioner of State Tax, Maharashtra



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Name of the Statute	Nature of the dues	Amount (Rupees in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty of Excise	339	Financial Year 2017-2018	Commissioner – Excise
The Income Tax Act, 1961	Income Tax	21	Assessment Years 2013-2014 and 2015-2016	Commissioner of Income Tax (Appeals)

*These amounts are net of amount paid/adjusted under protest Rs. 463 lakhs.

8. According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.
9. (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us, the Company has not been declared a wilful defaulter by any bank or financial institution or any other lender till the date of our audit report.
- (c) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long-term purposes as at the Balance Sheet date.
- (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has taken funds from the following entity on account of or to meet the obligations of its subsidiary as per the details given below:

Nature of funds taken	Name of lender	Amount involved	Name of the subsidiary	Relation	Nature of transactions for which funds utilised
Inter Corporate Deposit	Deepak Fertilisers and Petrochemicals Corporation Limited	Rs. 12,500 lakhs	Performance Chemiserve Limited	Subsidiary Company	Project Expansion

- (f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries. Further, the Company does not have any joint ventures or associate companies. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.



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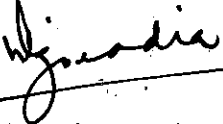
10. (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
11. (a) 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 noticed or reported during the year, nor have we been informed of any such case by the management.
- (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
12. 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.
13. 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.
14. (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal Audit reports of the Company issued till date for the period under audit.
15. 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.
16. (a) 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)(a) of the Order is not applicable to the Company.



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- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us, we report that the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has no Core Investment Companies.
17. In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
18. There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
20. (a) According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.
- (b) According to the information and explanations given to us, there are no ongoing projects relating to corporate social responsibility. Accordingly, the reporting under Clause 3(ix)(b) 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: 22045668AJPOUC5668
Place: Mumbai
Date: May 24, 2022



Smartchem Technologies Limited
Balance Sheet as at 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2022	31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,18,300	1,19,481
Capital work-in-progress	4	47,692	37,169
Investment property	5	461	461
Right of use assets	6	7,208	4,692
Goodwill		77,192	77,192
Other intangible assets	7	61,242	66,065
Financial assets			
i. Investment in subsidiaries	8	1,40,819	70,820
ii. Other investments	9	3	3
iii. Other financial assets	14(a)	1,312	1,206
Income tax assets (net)	14(b)	630	697
Other non-current assets	15	2,255	2,340
Total non-current assets		4,57,114	3,80,126
Current assets			
Inventories	16	88,635	46,505
Financial assets			
i. Investments	8(a)	52,925	33,793
ii. Trade receivables	10	46,141	72,428
iii. Cash and cash equivalents	12	6,846	7,502
iv. Other bank balances	13	470	-
v. Loans	11	169	409
vi. Other financial assets	14(a)	1,081	1,691
Other current assets	17	10,244	10,018
Total current assets		2,06,511	1,72,346
Total assets		6,63,625	5,52,472
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1,705	1,705
Other equity	19	3,26,651	2,82,283
Total equity		3,28,356	2,83,988
Liabilities			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	20	1,68,238	1,05,783
ii. Lease liabilities	6	2,977	3,139
iii. Other financial liabilities	22	6,185	5,812
Provisions	23	3,391	3,465
Deferred tax liabilities (net)	25	3,320	4,038
Total non-current liabilities		1,84,111	1,22,237
Current liabilities			
Financial liabilities			
i. Borrowings	21	14,856	21,858
ii. Lease liabilities	6	621	904
iii. Trade payables			
(a) total outstanding dues of micro and small enterprises	24	4,240	512
(b) total outstanding dues of creditors other than micro and small enterprises	24	1,05,766	1,08,040
iv. Other financial liabilities	22	15,702	10,075
Other current liabilities	26	8,926	3,655
Provisions	23	644	673
Current tax liabilities (net)	14(b)	403	530
Total current liabilities		1,51,158	1,46,247
Total liabilities		3,35,269	2,68,484
Total equity and liabilities		6,63,625	5,52,472

Significant accounting policies

1 - 2

The accompanying notes form an integral part of the financial statements

3 - 51

As per our report of even date attached

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

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

S. C. Mehta
Chairman
DIN:00128204

Amitabh Bhargava
Chief Financial Officer

Himanshu Goradia
Partner
Membership No. 045668

T. S. Mehta
Director
DIN:07866312

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Mumbai
Date: 24 May 2022

Place: Pune
Date: 24 May 2022



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Smartchem Technologies Limited
Statement of Profit and Loss for the year ended 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2022	31 March 2021
Income			
Revenue from operations	27	5,54,479	3,90,825
Other income	28	3,198	818
Total income		5,57,677	3,91,643
Expenses			
Cost of materials consumed	29	3,36,316	2,11,676
Purchases of stock-in-trade	30	49,511	45,798
Changes in inventories of finished goods and stock-in-trade	31	(20,712)	8,902
Employee benefits expense	32	32,475	21,225
Finance costs	33	14,485	12,424
Depreciation and amortisation expense	34	18,729	17,415
Other expenses	35	59,200	49,744
Total expenses		4,90,004	3,67,184
Profit before tax		67,673	24,459
Tax expense			
Current tax		23,968	13,333
Deferred tax		(699)	(8,915)
Total tax expense		23,269	4,418
Profit for the year		44,404	20,041
Other comprehensive income (OCI)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit obligations		(55)	(326)
Income tax relating to these items		19	114
Other comprehensive income for the year, net of tax liability		(36)	(212)
Total comprehensive income for the year		44,368	19,829

Earnings per equity share of Rs. 10 each	49		
(i) Basic (in Rs.)		260.43	117.54
(ii) Diluted (in Rs.)		260.43	117.54

Significant accounting policies 1 - 2
The accompanying notes form an integral part of the financial statements 3 - 51

As per our report of even date attached

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

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

S. C. Mehta
Chairman
DIN:00128204

Amitabh Bhargava
Chief Financial Officer

Himanshu Goradia
Partner
Membership No. 045668



Y. S. Mehta
Director
DIN:07866312

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Mumbai
Date: 24 May 2022

Place: Pune
Date: 24 May 2022



Smartchem Technologies Limited
Statement of Changes in Equity for the year ended 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital

	31 March 2022	31 March 2021
Balance as at the beginning of the year	1,705	1,705
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,705	1,705
Changes in equity share capital during the year	-	-
Balance as at the end of the year	1,705	1,705

Note: Share application money and pending allotment 31 March 2022 - Nil, Previous Year - Nil.

B. Other Equity

	Reserves and surplus					Other reserves	Total
	Securities premium	Retained earnings	General reserve	Capital redemption reserve	Equity Component of compound financial instrument*	Post-employment benefit obligation, net of tax	
Balance as at 1 April 2020	2,49,807	9,577	157	1,800	757	(544)	2,61,554
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	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
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	2,49,807	29,618	157	1,800	1,657	(756)	2,82,283
Profit for the year	-	44,404	-	-	-	-	44,404
Remeasurements of post-employment benefit obligation (net of tax)	-	-	-	-	-	(36)	(36)
Total comprehensive income for the year	-	44,404	-	-	-	(36)	44,368
Balance as at 31 March 2022	2,49,807	74,022	157	1,800	1,657	(792)	3,26,651

Note: *(1) Equity component of the Guarantee issued by holding company accounted for on fair value basis.

(2) 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 and on behalf of the Board of Directors of Smartchem Technologies Limited

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

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 24 May 2022



S. C. Mehta

S. C. Mehta
Chairman
DIN:00128204

Y. S. Mehta

Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 24 May 2022

Amitabh Bhargava

Amitabh Bhargava
Chief Financial Officer

Pankaj Gupta

Pankaj Gupta
Company Secretary
Membership No: F-9219

Smartchem Technologies Limited
Statement of Cash Flows for the year ended 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
Cash flow from operating activities		
Profit before tax	67,673	24,459
Adjustments for -		
Depreciation and amortisation expense	18,729	17,415
(Gain)/Loss on disposal of property, plant and equipment (net)	(4)	30
Provision for doubtful trade receivables	913	2,441
Net gain on sale of investments	(825)	(148)
Changes in fair value of financial assets at fair value through profit or loss	(32)	(33)
Unrealised loss/(gain) on embedded derivative contracts	303	(686)
Dividend income	(1,052)	-
Interest income	(183)	(350)
Finance costs	14,485	12,424
Unrealised foreign exchange fluctuations loss/(gain) (net)	502	(508)
Cash generated from operations before working capital changes	1,00,509	55,044
Change in trade receivables	25,374	27,528
Change in inventories	(42,130)	9,787
Change in trade payables	852	(2,853)
Change in other financial liabilities	8,914	3,815
Change in other financial assets	794	1,386
Change in other non-current assets	134	(147)
Change in other current assets	(226)	(1,919)
Change in provisions	(158)	(460)
Change in other current liabilities	5,271	449
Cash generated from operations	99,334	92,629
Income taxes paid (net)	(24,028)	(11,979)
Net cash from operating activities	75,306	80,650
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets (including capital work-in-progress)	(23,238)	(8,859)
Proceeds from sale of property, plant and equipment	32	190
Investment in equity shares of subsidiary	(69,999)	(24,705)
Purchase of investments	(4,46,477)	(2,03,404)
Proceeds from sale of investments	4,28,202	1,69,792
Loans to employees and other loans given	-	(271)
Repayment of loans by subsidiary	240	28
Repayment of loans by others	-	26
Fixed deposits placed	(1,226)	-
Fixed deposits matured	756	374
Dividends received from a subsidiary	1,052	-
Interest received	239	286
Net cash (used in) investing activities	(1,10,419)	(66,543)
Cash flow from financing activities		
Proceeds from borrowings - current	11,035	46,331
Repayment of borrowings - current	(18,535)	(92,541)
Proceeds from borrowings - non current	22,380	-
Repayment of borrowings - non current	(7,899)	(10,373)
Proceeds from issue of compulsory convertible debentures	-	10,500
Proceeds from borrowings - From related party	52,878	47,736
Repayment of borrowings - From related party	(5,000)	-
Payment of lease liability	(831)	(1,024)
Interest paid	(19,571)	(11,093)
Net cash from/ (used in) financing activities	34,457	(10,463)
Net (decrease)/increase in cash and cash equivalents	(656)	3,644
Cash and cash equivalents at the beginning of the year	7,502	3,858
Cash and cash equivalents at end of the year	6,846	7,502

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

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



Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 24 May 2022

S. C. Mehta
Chairman
DIN:00128204

Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 24 May 2022

Amitabh Bhargava

Chief Financial Officer

Pankaj Gupta
Company Secretary
Membership No: F-9219



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

Note 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.

Note 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) that are 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 Rs 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

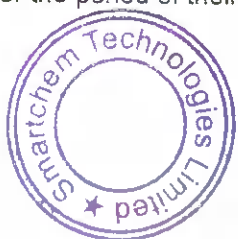
There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions 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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(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

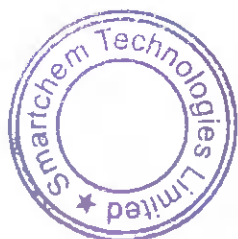
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 and associates 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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

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 and Equipment. 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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

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 & equipment 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 acquiree 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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

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 are 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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

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

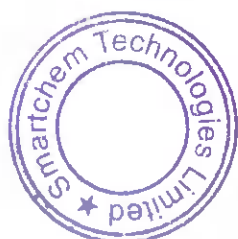
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at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

Cash flow hedges that qualify for hedge accounting:

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).



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

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).

Derivatives that are not designated as hedges:

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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

- 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.

(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 the 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 2021-22

(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 Pronouncements and note on COVID-19

Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

▪ **Ind AS 16, "Property, Plant and Equipment"**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendment to have any significant impact in its financial statements.

▪ **Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"**

The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The Company does not expect the amendment to have any significant impact in its financial statements.

▪ **Ind AS 101, "First-time Adoption of Indian Accounting Standards"**

The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

▪ **Ind AS 103, "Business Combination"**

The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:

- substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.

- add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

- add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

Ind AS 109, "Financial Instruments"

The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Note on COVID-19

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition, impact on leases and impact on effectiveness of its hedges.

The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.



Note 3: Property, Plant and Equipment

	Freehold Land	Buildings	Plant and Equipment	Electrical Installations	Furniture and Fixtures	Office Equipment	Laboratory Equipment	Vehicles	Total
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	1,45,795	2,830	290	1,090	363	711	1,74,479
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
Gross carrying amount									
As at 1 April 2021	2,593	20,807	1,45,795	2,830	290	1,090	363	711	1,74,479
Additions	-	156	10,013	14	11	326	30	158	10,708
Disposals	-	-	(26)	-	-	(17)	-	(97)	(140)
Gross carrying amount as at 31 March 2022	2,593	20,963	1,55,782	2,844	301	1,399	393	772	1,85,047
Accumulated depreciation									
Balance as at 1 April 2021	-	(4,164)	(47,783)	(1,324)	(201)	(840)	(191)	(495)	(54,998)
Depreciation charge for the year	-	(838)	(10,555)	(147)	(15)	(140)	(52)	(112)	(11,859)
On disposals	-	-	18	-	-	16	-	76	110
Accumulated depreciation as at 31 March 2022	-	(5,002)	(58,320)	(1,471)	(216)	(964)	(243)	(531)	(66,747)
Net carrying amount as at 31 March 2022	2,593	15,961	97,462	1,373	85	435	150	241	1,18,300

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 will be transferred in the name of the Company (Refer Note 5, Note 6 and the Note below).

Title deeds of Immovable Properties not held in name of the Company

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Freehold Land	Land at Panipat, Haryana	1,735	*	No	1 April 2015	Adjudication
Freehold Land	Land at Paradeep, Orissa	772	*	No	1 April 2015	Pending

*Deepak Fertilisers and Petrochemicals Corporation Limited



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Note 4: Capital Work-in-Progress

	31 March 2022	31 March 2021
Projects (Mainly comprising of buildings and plant and equipment) #	36,705	32,465
Others	10,987	4,704
Total	47,692	37,169

Includes borrowing cost of Rs. 11,050 Lakhs (31 March 2021 Rs. 8,118 Lakhs).

(a) Ageing schedule Capital-work-in progress:

CWIP	As on 31 March 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Projects in progress	4,207	2,276	-	41,209	47,692

CWIP	As on 31 March 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Projects in progress	5,264	125	30,447	1,333	37,169

Note : Projects temporarily suspended during the year ended 31 March 2022 - Nil (31 March 2021 - Nil).

(b) For capital-work-in progress whose completion is overdue or has exceeded its cost compared to its original plan:

CWIP	As on 31 March 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Technical Ammonium Nitrate Project at Gopalpur	-	-	-	47,692	47,692

CWIP	As on 31 March 2021				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Technical Ammonium Nitrate Project at Gopalpur	-	-	-	37,169	37,169

Note 5: Investment Property

	31 March 2022	31 March 2021
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 2022	31 March 2021
Investment properties	989	586

(a) Disclosures relating to fair valuation of

Fair value of the above investment property as at 31 March 2022 is Rs. 989 Lakhs (31 March 2021 : Rs. 586 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.

Title deeds of Immovable Properties not held in name of the Company

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date and reason for not being held in the name of the company
Freehold Land	Land at Nasik, Maharashtra	461	Deepak Fertilisers and Petrochemicals Corporation Limited	No	1 April 2015 Adjudication pending



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Note 6: Leases

A. Right of use assets

Particulars	Land and Building	Other Equipment	Leasehold Land	Total
Balance as at 1 April 2020	1,202	3,924	1,091	6,217
Add: Reclassification on account of Ind AS 116	-	-	-	-
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
Balance as at 1 April 2021	1,202	3,924	1,091	6,217
Add: Addition during the year	-	-	3,187	3,187
Gross carrying amount as on 31 March 2022	1,202	3,924	4,278	9,404
Accumulated amortisation as at 1 April 2021	(474)	(1,032)	(19)	(1,525)
Add: Amortisation for the year	(237)	(418)	(16)	(671)
Closing accumulated amortisation as at 31 March 2022	(711)	(1,450)	(35)	(2,196)
Balance as at 31 March, 2022	491	2,474	4,243	7,208

Note: The title deeds of leasehold land having gross block of Rs. 246 lakhs and net block of Rs. 226 lakhs are not held in the name of the Company (Refer Note 3).

B. Lease liabilities

Particulars	31 March 2022	31 March 2021
Opening Balance	4,043	4,619
Add: Addition during the year	-	-
Add: Finance charge for the period	386	448
Less: Lease rental paid	(831)	(1,024)
Closing balance	3,598	4,043

Particulars	31 March 2022	31 March 2021
Current	621	904
Non Current	2,977	3,139
Total	3,598	4,043

C. Interest expenses on lease liabilities

Particulars	31 March 2022	31 March 2021
Interest on lease liabilities	386	448

D. Expenses on short term leases / low value assets

Particulars	31 March 2022	31 March 2021
Short term lease	1,816	1,605
Low value assets	-	-

E. Amounts recognised in the statement of cash flow

Particulars	31 March 2022	31 March 2021
Total cash outflow for leases	831	1,024

F. Maturity analysis – contractual undiscounted cash flows

Particulars	31 March 2022	31 March 2021
Less than one year	621	904
One to five years	2,977	3,139
More than five years	-	-
Total undiscounted lease liabilities at 31 March 2022	3,598	4,043

The difference between the future minimum lease rental commitments toward 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.

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Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

Note: 7 Other Intangible Assets

	Computer Software	Technical Know How/ Engineering Fees	License/ Franchise Fees	Other Intangible Asset	Brand	Total
Gross carrying amount as on 1 April 2020	1,378	328	1,101	4,031	93,704	1,00,542
Additions	8	-	8	-	-	16
Disposals/ Transfers/ Adjustments	-	-	-	-	-	-
Gross carrying amount as on 31 March 2021	1,386	328	1,109	4,031	93,704	1,00,558
Additions	77	-	34	-	-	111
Disposals/ Transfers/ Adjustments	-	-	-	-	-	-
Gross carrying amount as on 31 March 2022	1,463	328	1,143	4,031	93,704	1,00,669
Accumulated Amortisation						
Accumulated amortisation as at 1 April 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
Amortisation charge for the year	140	22	17	-	4,755	4,934
Disposals	-	-	-	-	-	-
Closing accumulated amortisation as at 31 March 2022	869	211	1,075	4,031	33,241	39,427
Net Block as at 31 March 2022	594	117	68	-	60,463	61,242
Net Block as at 31 March 2021	657	139	51	-	65,218	66,065

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FINANCIAL ASSETS

Note 8: Investment in subsidiaries - non-current

	31 March 2022	31 March 2021
Investments in equity shares (unquoted) of subsidiaries (fully paid up)		
72,800 (31 March 2021 : 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 2021 : 10,000) equity shares of Mahadhan Farm Technologies Private Limited of Rs. 10 each	1,383	1,383
152,519 (31 March 2021 : 85,961) equity shares of Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited) of Rs. 10 each	1,35,667	65,668
Total (equity instruments)	1,40,819	70,820
Total	1,40,819	70,820
Aggregate amount of unquoted investments	1,40,819	70,820

Note 8(a): Current investments

	31 March 2022	31 March 2021
Unquoted investment in mutual funds (carried at fair value through profit and loss)	52,925	33,793
Total	52,925	33,793

Note 9 : Other Investments

	31 March 2022	31 March 2021
Investment in equity shares (quoted) (fully paid up) (fair value through profit and loss)		
4,715 (31 March 2021 : 4,715) equity shares of Punjab National Bank	3	3
Total	3	3

Note 10: Trade receivables

	31 March 2022	31 March 2021
Trade Receivables		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	46,141	72,428
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired Unsecured	5,031	4,118
Less: Impairment loss allowance	(5,031)	(4,118)
Total	46,141	72,428

Movement in allowance for expected credit loss:

	31 March 2022	31 March 2021
Balance at beginning of the year	4,118	1,677
Add: Allowance for expected credit loss	954	2,441
Less: Utilised during the year	41	-
Balance as at the end of the year	5,031	4,118

Trade Receivables include Rs. 15,868 lakhs (31 March 2021 Rs. 19,032 Lakhs) towards fertiliser subsidy receivable from the Government of India.

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment as on 31 March 2022					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	45,542	147	217	235	-	46,141
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	41	13	238	3,283	1,456	5,031
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Less: Impairment loss allowance	(41)	(13)	(238)	(3,283)	(1,456)	(5,031)
Total	45,542	147	217	235	-	46,141

Particulars	Outstanding for following periods from due date of payment as on 31 March 2021					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	67,198	923	4,307	-	-	72,428
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	93	33	938	1,853	1,202	4,118
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Less: Impairment loss allowance	(93)	(33)	(938)	(1,853)	(1,202)	(4,118)
Total	67,198	923	4,307	-	-	72,428

Note 11: Loans

	31 March 2022		31 March 2021	
	Current	Non Current	Current	Non Current
Unsecured, considered good				
Loan to subsidiary (Refer Note 43)	122	-	362	-
Loan to employees	47	-	44	-
Other loans	-	-	3	-
Total	169	-	409	-

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Disclosures of Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person

Type of Borrower	31 March 2022		31 March 2021	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related Parties	122	72.19%	362	88.51%

Note 12: Cash and cash equivalents

	31 March 2022	31 March 2021
Balances with banks in current accounts	6,564	5,125
Deposits with original maturity up to three months	281	2,371
Cash on hand	1	6
Total	6,846	7,502

Note 13: Other bank balances

	31 March 2022	31 March 2021
Deposits with maturity of more than 3 months up to 12 months from the reporting date	470	-
Total	470	-

Note 14(a): Other financial assets

	31 March 2022		31 March 2021	
	Current	Non Current	Current	Non Current
(i) Derivatives				
Derivatives not designated as hedges	701	-	139	-
(ii) Others				
Interest receivable	36	-	92	-
Deposit with banks with maturity after twelve months from the reporting date	-	136	-	136
Financial Guarantee Asset	285	494	774	353
Security deposits	-	682	-	620
Others	59	-	886	97
Total	1,081	1,312	1,691	1,206

Note 14(b): Tax assets and liabilities

	31 March 2022	31 March 2021
Non current tax assets (net)	(630)	(697)
Current tax liabilities (net)	403	530

Note 15: Other non-current assets

	31 March 2022	31 March 2021
Capital advances	1,575	1,526
Balance with government authorities	577	733
Prepaid expenses	103	81
Total	2,255	2,340

Note 16: Inventories

	31 March 2022	31 March 2021
Raw materials [Includes Rs. 12,879 Lakhs (31 March 2021 Rs. 60 Lakhs) in transit]	37,015	16,427
Finished goods	31,068	7,062
Stock-in-trade	6,169	9,463
Stores and spares [Includes Rs. 281 Lakhs (31 March 2021 Rs. 391 Lakhs) in transit]	12,277	11,167
Packing materials	2,106	2,386
Total	88,635	46,505

Note 17: Other current assets

	31 March 2022	31 March 2021
Advances for supply of goods and services	2,393	1,626
Balances with government authorities	7,143	6,975
Prepaid expenses	683	742
Other receivables	25	675
Total	10,244	10,018

Note 18: Equity share capital

	31 March 2022	31 March 2021
Authorised		
35,50,00,000 equity shares of Rs. 10 each (31 March 2021: 35,50,00,000 equity shares of Rs. 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 Rs. 10 each (31 March 2021: 1,70,50,000 equity shares of Rs. 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

Equity Shares	31 March 2022		31 March 2021	
	No of Shares	Amount	No of Shares	Amount
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



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 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 2022		31 March 2021	
	Number of shares	% Holding	Number of	% Holding
Deepak Fertilisers and Petrochemicals Corporation Limited	1,70,49,987	99.99%	1,70,49,987	99.99%

(iii) Shares held by promoters at the end of the year

Promoter Name	No. of Shares	% of Total	% of Change during the year
Class of Shares : Equity shares of Rs. 10 each			
1) Deepak Fertilisers and Petrochemicals Corporation Limited	1,70,49,987	99.999238	-
2) Shri Sailesh C Mehta*	1	0.000059	-
3) Smt. Parul S Mehta*	1	0.000059	-
4) Shri Dilesh H. Mehta*	1	0.000059	-
5) Shri A. P. Shah*	1	0.000059	-
6) Shri R. Sriraman*	2	0.000117	-
7) Dr. T. K. Chatterjee*	1	0.000059	-
8) Shri Rohit P. Shah*	1	0.000059	-
9) Shri Deepak A. Desai*	1	0.000059	-
10) Shri Somnath Patil*	1	0.000059	-
11) Shri Guy Goves*	1	0.000059	-
12) Shri Vivek Y Kalkar*	1	0.000059	-
13) Shri Rajeev Chemburkar*	1	0.000059	-

Shareholders mentioned in Sr. Nos. 2 to 13 are holding shares on behalf of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL). DFPCL is the beneficial owner of the aforesaid 13 equity shares pursuant to the provisions of Section 89 (1) (2) (3) of the Companies Act, 2013 read with Rule 9(2) of the Companies (Management and Administration) Rules, 2014.

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 recognised as 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 Companies Act, 2013 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 the 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 guarantee:** 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 and Maturity date	Coupon/ Interest rate	31 March 2022	31 March 2021
Secured				
Term loans				
State Bank of India	Repayable in 28 quarterly instalments starting from June 2017 onwards.	10.25% per annum	11,921	18,073
Export Import Bank Of India (Loan 1)		9.80% to 9.80% per annum	2,880	4,288
Bank of Baroda	Repayable in 20 quarterly instalments starting from June 2023 onwards.	8.50% per annum	22,380	-
Export Import Bank Of India (Loan 2)	Repayable in 28 quarterly instalments starting from June 2020 onwards.	9.55% to 9.75% per annum	25,642	27,049
Unsecured				
Compulsory convertible debentures - International Finance Corporation		8% per annum (IRR - 15.25%)	23,862	22,180
From related party*			9,429	43,551
Total non-current borrowings			1,79,094	1,15,141
Less: Current maturities of long-term debt (Refer Note 21)			10,856	9,358
Total			1,68,238	1,05,783

The term loans from State Bank of India and Export Import Bank of India have been availed for financing Nitro phosphate plant (NPK project). The term loans are secured by pari passu first charge to be created on the entire fixed assets pertaining to NPK project. All present and future immovable and movable fixed assets pertaining to NPK project from Plot K1 to Plot K5, MIDC Industrial Area, Talaja, 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 been surrendered to Export Import Bank of India (Loan 2). Further, term loans are secured by pari passu charge to be created on the fixed assets located at Plot K7, K8 MIDC Talaja.

The term loan from Bank of Baroda has been availed to shore up the net working capital of the Company. The term loan is secured by exclusive charge on the immovable property situated at Yerwada Pune belonging to joint operation, Yerowda Investments Limited (YIL), Corporate Guarantee of Yerowda Investments Limited (YIL) to the extent of the value of immovable property is offered to Bank of Baroda.

Loan from related party carries average interest rate of 9.50% (31 March 2021 - 9.79%).

*On 9 November 2021, the Company received funds of Rs. 12,500 Lakhs from the holding company which were subsequently invested into Performance Chemiserve Limited (Subsidiary).



Note 21: Current borrowings

	31 March 2022	31 March 2021
Loans repayable on demand		
Secured		
-Current maturities of non-current borrowings	10,856	9,358
-Short-term loan	-	7,500
	10,856	16,858
Unsecured		
From related party	4,000	5,000
Total current borrowings	4,000	5,000
Total	14,856	21,858

Short term loan from various banks amounting to - Nil (31 March 2021 : Rs 7,500 Lakhs) is due within 180 days from the draw down date, carrying interest rate of - Nil at 31 March 2022 (31 March 2021 : 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.

Note 22: Other financial liabilities

	31 March 2022	31 March 2021
Non-current		
Security deposits	4,947	4,292
Embedded Derivative	100	100
Financial Guarantee Liability	1,138	1,420
Total	6,185	5,812
Current		
Interest accrued	532	3,072
Security deposits	1,825	1,690
Capital creditors	1,123	1,452
Due to directors	9,449	1,108
Financial Guarantee Liability	254	729
Salary payable	1,956	1,979
Others	563	45
Total	15,702	10,075

Note 23: Provisions

	31 March 2022		31 March 2021	
	Current	Non-Current	Current	Non-Current
Provision for employee benefits				
Gratuity	357	2,548	317	2,698
Compensated absences	135	721	227	629
Defined pension benefits	152	122	129	138
Total	644	3,391	673	3,465

(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 2022	31 March 2021
Employer's contribution to provident fund	706	583
Employer's contribution to employee's pension scheme	218	198
Employer's contribution to superannuation fund	583	688
Employer's contribution to employee state insurance	10	6

(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 6.80% p.a. (31 March 2021: 6.60% 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 2021: 60 years) and mortality table is as per IALM (2012-14) (31 March 2021: IALM (2012-14)).

The estimates of future salary increases, considered in actuarial valuation is 8% p.a. (31 March 2021: 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 and hence not disclosed. The expected rate of return on plan assets is 6.60% p.a. (31 March 2021: 6.40% p.a.).

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

Particulars	31 March 2022	31 March 2021
Present value of obligation at the beginning of the year	3,988	3,607
Current service cost	310	278
Interest cost	251	221
Actuarial loss	78	185
Benefits paid	(375)	(303)
Present value of obligation at the end of the year	4,252	3,988

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

Particulars	31 March 2022	31 March 2021
Present value of obligation at the end of the year	4,252	3,988
Fair value of plan assets at the end of the year	1,347	973
Net (asset)/liabilities recognised in the Balance Sheet	2,905	3,015

Fair value of Plan assets :

Particulars	31 March 2022	31 March 2021
Plan assets at the beginning of the year	973	614
Interest Income	74	49
Expected return on plan assets	12	4
Contribution by employer	317	306
Actual benefits paid	(29)	-
Actuarial gain/(loss)	-	-
Plan assets at the end of the year	1,347	973

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

Particulars	31 March 2022	31 March 2021
Current service cost	310	278
Interest cost	177	172
Expense recognised in the Statement of Profit and Loss	487	450

Amount recognised in the other comprehensive income:

Particulars	31 March 2022	31 March 2021
Remeasurements Cost / (Credit)	78	185
Actuarial (gain)/loss on plan assets	(12)	(4)
Amount recognised in the Other Comprehensive Income	66	181

Sensitivity analysis :

Particulars	31 March 2022		31 March 2021	
	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	(234)	259	(224)	248

Particulars	31 March 2022		31 March 2021	
	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	213	(197)	205	(189)

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

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 6.90% p.a. (31 March 2021: 6.60% 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 2021: 60 years) and mortality table is as per IALM (2012-14) (31 March 2021: IALM (2012-14)).

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

Particulars	31 March 2022	31 March 2021
Present value of obligation at the beginning of the year	267	106
Current service cost	38	22
Past service cost	-	-
Interest cost	16	6
Actuarial (gain)/loss	(11)	145
Benefits paid	(36)	(12)
Present value of obligation at the end of the year	274	267

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

Particulars	31 March 2022	31 March 2021
Current service cost	38	22
Past service cost	-	-
Interest cost	16	6
Expense recognised in the Statement of Profit and Loss	54	28

Amount recognised in the other comprehensive income:

Particulars	31 March 2022	31 March 2021
Remeasurements Cost / (Credit)	(11)	145
Actuarial (gain)/loss on plan assets	-	-
Amount recognised in the Other Comprehensive Income	(11)	145

Sensitivity analysis :

Particulars	31 March 2022		31 March 2021	
	Discount rate		Discount rate	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(69)	97	(66)	94

Special



Note 24: Trade payables

	31 March 2022	31 March 2021
Trade payables		
(a) total outstanding dues of micro and small enterprises	4,240	512
(b) total outstanding dues of creditors other than micro and small enterprises	1,05,766	1,08,040
Total	1,10,006	1,08,552

Trade payables as stated above include trade creditors related to materials of Rs. 89,604 Lakhs (31 March 2021 – Rs. 101,829 Lakhs).

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

	31 March 2022	31 March 2021
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	3,802	512
- Interest due thereon	5	15
The amount of interest paid by the Company in terms of section 16 of the MSMED 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	48,393	5,388
Amount of interest due and payable on delayed payments	262	89
Amount of interest accrued and remaining unpaid as at year end	438	172
The amount of further interest remaining due and payable even in the succeeding year	-	-

Details of Micro and Small Enterprises as defined under the MSMED

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.

Trade Payables aging schedule

Particulars	As on 31 March 2022 - Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	3,749	302	104	85	4,240
(ii) Others	1,05,174	13	429	150	1,05,766
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Trade Payables aging schedule

Particulars	As on 31 March 2021 - Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	512	-	-	512
(ii) Others	1,02,391	4,694	955	-	1,08,040
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Note 25: Deferred tax liabilities (net)

The balance comprises temporary differences attributable to:

	31 March 2022	31 March 2021
(a) Deferred tax assets	(44,880)	(45,905)
(b) Deferred tax liabilities	48,200	49,943
Net deferred tax liabilities	3,320	4,038

Movements in deferred tax liabilities:

Movements during the period ended 31 March 2022:

	1 April 2021	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2022
Property, plant and equipment and investment property and intangible assets	49,943	(1,743)	-	48,200
Financial assets at fair value through profit or loss/FVOCI	(483)	-	(19)	(502)
MAT credit	-	-	-	-
Expenses allowable in the year of payment (Section 43B of the Income Tax Act, 1961)	(1,086)	38	-	(1,048)
Business loss	(43,517)	640	-	(42,877)
Others (include provision for doubtful debts)	(819)	366	-	(453)
Net deferred tax liabilities	4,038	(699)	(19)	3,320

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	(369)	-	(114)	(483)
MAT credit	(3,460)	3,460	-	-
Expenses allowable in the year of payment (Section 43B of the 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

Note 26: Other current liabilities

	31 March 2022	31 March 2021
Advances from customers	3,143	1,099
Statutory dues payable	3,760	815
Other payables	2,023	1,741
Total	8,926	3,655

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Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

Note 27: Revenue from operations

	31 March 2022	31 March 2021
Sale of products		
- Finished goods	3,95,830	2,78,681
- Traded goods	48,860	44,220
Subsidy on manufactured fertilisers	1,00,263	60,515
Subsidy on traded fertilisers	9,123	7,016
Other operating revenues	403	393
Total	5,54,479	3,90,825

Note 28: Other income

	31 March 2022	31 March 2021
Dividend income from subsidiary	1,052	-
Interest income from financial assets measured at amortised cost	183	350
Fair value gain on financial assets mandatorily measured at fair value through profit or loss	32	33
Net gain on sale of investments	825	148
Foreign exchange fluctuations income (net)	-	140
Gain on disposal of property, plant and equipment (net)	4	-
Other non-operating income	1,102	147
Total	3,198	818

Note 29: Cost of materials consumed

	31 March 2022	31 March 2021
Raw materials as at the beginning of the year	16,427	18,169
Add: Purchases during the year	3,56,904	2,09,934
Less: Raw materials as at the end of the year	37,015	16,427
Total	3,36,316	2,11,676

Note 30: Purchases of stock-in-trade

	31 March 2022	31 March 2021
Purchases of stock-in-trade	49,511	45,798
Total	49,511	45,798

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

	31 March 2022	31 March 2021
Opening balance		
Finished goods	7,062	20,604
Stock-in-trade	9,463	4,823
Total opening balance	16,525	25,427
Closing balance		
Finished goods	31,068	7,062
Stock-in-trade	6,169	9,463
Total closing balance	37,237	16,525
Total	(20,712)	8,902

Note 32: Employee benefits expense

	31 March 2022	31 March 2021
Salaries, wages and bonus	29,319	18,322
Contribution to provident fund and other funds	1,517	1,475
Gratuity	487	450
Post-employment pension benefits	54	28
Staff welfare expenses	1,098	950
Total	32,475	21,225

Note 33: Finance costs

	31 March 2022	31 March 2021
Interest and finance charges	15,566	14,034
Finance charges on finance leases	386	448
Interest - others	1,465	575
Less: Interest capitalised	(2,932)	(2,633)
Total	14,485	12,424



Note 34: Depreciation and amortisation expense

	31 March 2022	31 March 2021
Depreciation on property, plant and equipment*	13,124	11,761
Amortisation of right of use assets	671	735
Amortisation on intangible assets	4,934	4,919
Total	18,729	17,415

*Depreciation amounting to Rs. 1,265 Lakhs transferred from holding company Deepak Fertilisers and Petrochemicals Corporation Limited as common sharing cost (31 March 2021 Rs. 1,183 Lakhs).

Note 35: Other expenses

	31 March 2022	31 March 2021
Consumption of stores and spares	7,403	6,001
Power, fuel and water	6,390	6,393
Repairs to :		
- Buildings	898	521
- Plant and machinery	6,088	4,606
- Others	1,344	993
Rent	916	1,054
Insurance	1,268	1,087
Rates, taxes and duties	1,624	1,271
Travelling and conveyance	604	299
Legal and professional fees	3,680	2,045
Payments to auditors [Refer Note 35(a) below]	44	46
Directors' fees	19	18
Carriage outward (net)	17,823	18,129
Warehouse and handling charges	5	139
Loss on disposal of property, plant and equipment (net)	-	30
Commission on sales	341	282
Sales and promotion expenses	1,880	983
Utility services	1,078	1,075
Communication expenses	115	100
Expenditure towards corporate social responsibility [Refer Note 35(b) below]	246	80
Foreign exchange fluctuations loss (net)	4,061	-
Bad debts written off	38	-
Provision for doubtful trade receivables	913	2,441
Miscellaneous expenses	2,422	2,151
Total	59,200	49,744

Note 35(a): Details of payments to auditors

	31 March 2022	31 March 2021
As auditors:		
Audit fees/limited review fees	30	27
Tax audit fees	4	3
Certification fees/other services	10	10
In other capacities		
Taxation matters	-	6
Total	44	46

Note 35(b): Expenditure towards corporate social responsibility

	31 March 2022	31 March 2021
Contributions to Ishanya Foundation	246	53
Others	-	27
Total	246	80
Amount required to be spent as per Section 135 of the Act	206	78
<i>Amount spent during the year on</i>		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	246	80
(iii) shortfall at the end of the year,	-	-
(iv) total of previous years shortfall,	-	-
(v) reason for shortfall,	-	-
(vi) details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard,	Ishanya Foundation	Ishanya Foundation
(vii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Not Applicable	Not Applicable



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Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

Note 36: Fair value measurements**(i) Financial instruments by category**

	31 March 2022			31 March 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments at fair value	3	-	-	3	-	-
- Mutual funds	52,925	-	-	33,793	-	-
Trade receivables	-	-	46,141	-	-	72,428
Cash and cash equivalents	-	-	6,846	-	-	7,502
Other bank balances	-	-	470	-	-	-
Loans	-	-	169	-	-	409
Other financial assets						
- Derivative financial assets, not designated as hedges	701	-	-	139	-	-
- Interest receivable	-	-	36	-	-	92
- Deposit with banks	-	-	136	-	-	136
- Financial Guarantee Asset	-	-	779	-	-	1,127
- Security deposits	-	-	682	-	-	620
- Others	-	-	59	-	-	783
Total financial assets	53,629	-	55,318	33,935	-	83,097
Financial liabilities						
Borrowings	-	-	1,83,094	-	-	1,27,641
Lease Liabilities	-	-	3,598	-	-	4,043
Trade payables	-	-	1,10,006	-	-	1,08,552
Other financial liabilities						
- Capital creditors	-	-	1,123	-	-	1,452
- Security deposits	-	-	6,772	-	-	5,982
- Interest accrued	-	-	532	-	-	3,072
- Embedded derivative	100	-	-	100	-	-
- Financial Guarantee Liability	-	-	1,392	-	-	2,149
- Others	-	-	11,968	-	-	3,132
Total financial liabilities	100	-	3,18,485	100	-	2,56,023

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(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 2022				31 March 2021			
	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	52,925	-	-	52,925	33,793	-	-	33,793
Derivatives not designated as hedges								
Foreign exchange forward contracts/options	-	701	-	701	-	139	-	139
Total financial assets	52,928	701	-	53,629	33,796	139	-	33,935
Financial liabilities								
Derivatives								
Foreign exchange forward contracts/option contracts	-	100	-	100	-	100	-	100
Total financial liabilities	-	100	-	100	-	100	-	100

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2022 and 31 March 2021

(iii) Valuation process to determine fair value

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

- (a) 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.
- (b) 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.



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

Note 37: 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 risks 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 Rs. 599 Lakhs (31 March 2021: Rs. 5,230 Lakhs)

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

	31 March 2022	31 March 2021
Balance at the beginning of the year	4,118	1,677
Add: Provided during the year	954	2,441
Less: Amount utilised	41	-
Balance at the end of the year	5,031	4,118

Expected credit loss on financial assets other than trade receivables:

With regards to all financial assets with contractual cash flows other than trade receivables, the 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 expected credit loss has been made on these financial assets.

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Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

(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 2022	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	1,83,094	14,856	1,44,376	23,862	1,83,094
Obligations under finance lease	3,598	621	2,977	-	3,598
Trade payables	34,117	34,117	-	-	34,117
Interest accrued	496	496	-	-	496
Security deposits	6,772	1,825	4,947	-	6,772
Financial Guarantee Liability	1,392	254	1,138	-	1,392
Other financial liabilities	13,191	13,091	-	100	13,191
Total non-derivative liabilities	2,42,660	65,260	1,53,438	23,962	2,42,660
Derivatives financial liabilities					
Interest accrued	36	36	-	-	36
Trade payables	75,889	75,889	-	-	75,889
Total derivative liabilities	75,925	75,925	-	-	75,925



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

31 March 2021	Carrying Amount	Payable within 1 year	More than 1 year	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	1,27,641	21,858	77,054	28,729	1,27,641
Obligations under finance lease	4,043	904	3,139	-	4,043
Trade payables	53,575	53,575	-	-	53,575
Interest accrued	3,026	3,026	-	-	3,026
Security deposits	5,982	1,690	4,292	-	5,982
Financial Guarantee Liability	2,149	729	1,420	-	2,149
Other financial liabilities	4,684	4,584	-	100	4,684
Total non-derivative liabilities	2,01,100	86,366	85,905	28,829	2,01,100
Derivatives financial liabilities					
Interest accrued	46	46	-	-	46
Trade payables	54,977	54,977	-	-	54,977
Total derivative liabilities	55,023	55,023	-	-	55,023

(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 44.

(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 2022	31 March 2021
USD sensitivity		
INR/USD -appreciated by 1% (31 March 2021-1%)	759	554
INR/USD -depreciated by 1% (31 March 2021-1%)	(759)	(554)
EURO sensitivity		
INR/EURO -appreciated by 1% (31 March 2021-1%)	0.12	0.60
INR/EURO -depreciated by 1% (31 March 2021-1%)	(0.12)	(0.60)
GBP sensitivity		
INR/GBP-appreciated by - Nil (31 March 2021-1%)	0.00	0.01
INR/GBP-depreciated by - Nil (31 March 2021-1%)	(0.00)	(0.01)

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Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

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. 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 2022	31 March 2021
Variable rate borrowings	62,803	49,410
Fixed rate borrowings	1,20,291	78,231
Total borrowings	1,83,094	1,27,641

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 2022 would decrease / increase by Rs. 314 Lakhs (for the year ended 31 March 2021: decrease / increase by Rs. 247 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Note 38. Capital Management**Risk Management**

The Company's objectives when managing capital are to:

- safeguard its ability to continue as a going concern, so that it 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 2022	31 March 2021
Net debt	1,75,778	1,20,139
Total equity	3,28,356	2,83,988
Net debt to equity ratio	0.54	0.42



SMARTCHEM TECHNOLOGIES LIMITED

Notes to the financial statements for the year ended 31 March 2022

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
- 4 Mahadhan Farm Technologies Private Limited

C. Fellow Subsidiaries

- 1 Deepak Mining Services Private Limited
- 2 Deepak Nitrochem Pty. Ltd.
- 3 SCM Fertichem Limited
- 4 Ishanya Brand Services Limited

D. Jointly Controlled Entity of Holding Company

- 1 Yarrowda Investments Limited

E. Key Management Personnel

(a) Executive directors

- 1 Mr Yeshil Mehta
- 2 Mr Sailesh Chimanlal Mehta

(b) Non-executive directors

- 1 Ms Parul Sailesh Mehta
- 2 Dr Tapan Kumar Chatterjee
- 3 Mr Madhumilan Parshuram Shinde

(c) Non-executive Independent directors

- 1 Mr Partha Sarathi Bhattacharya
- 2 Mr Sewak Ram Wadhwa
- 3 Mr Urmilkumar Purushottamdas Jhaveri
- 4 Mr Ashok Kumar Purwaha
- 5 Mr Alok Perti (with effect from 1 November 2021)

(d) Chief Finance Officer

Mr Amitabh Bhargava

(e) Company Secretary

Mr Pankaj Gupta

F. Entities over which key management personnel are able to exercise significant influence

- 1 Robust Marketing Services Private Limited
- 2 Nova Synthetic Limited
- 3 The Lakaki Works Private Limited
- 4 High Tide Investments Private Limited
- 5 Deepak Asset Reconstruction Private Limited
- 6 Ishanya Foundation
- 7 Deepak Foundation
- 8 Priyank Mercantile Limited
- 9 Deepak Agro Solutions Limited
- 10 Peerless General Finance and Investment Company Limited

G. Relatives of Key Management Personnel

- 1 Ms Rajvee Mehta
- 2 Mr C. K. Mehta
- 3 Mr Ajay Chimanlal Mehta
- 4 Mr Deepak Chimanlal Mehta

H. 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
- 4 Blue Shell Investments Private Limited
- 5 Storewell Credits and Capital Private Limited

I. Associates of Holding Company

- 1 Ishanya Realty Corporation Limited



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Note 39(b) Related Party transactions:

Sr. No.	Nature of Transactions	31 March 2022						31 March 2021					
		Holding Company	Subsidiaries	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	Subsidiaries	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	19,714	-	-	-	-	19,714	11,446	-	-	-	-	11,446
	Deepak Nitrite Limited	-	-	-	-	338	338	-	-	-	-	138	138
	Mahadhan Farm Technologies Private Limited	-	1,110	-	-	-	1,110	-	1,417	-	-	-	1,417
2	Purchases of goods and services												
	Deepak Fertilisers and Petrochemicals Corporation Limited	(75,502)	-	-	-	-	(75,502)	(40,358)	-	-	-	-	(40,358)
	Mahadhan Farm Technologies Private Limited	-	(4,340)	-	-	-	(4,340)	-	(2,506)	-	-	-	(2,506)
3	Receiving of services/reimbursement of expenses												
	Deepak Fertilisers and Petrochemicals Corporation Limited	(16,181)	-	-	-	-	(16,181)	(14,238)	-	-	-	-	(14,238)
	Platinum Blasting Services Pty Ltd	-	(32)	-	-	-	(32)	-	(14)	-	-	-	(14)
	M P Shinde	-	-	(11)	-	-	(11)	-	-	(5)	-	-	(5)
4	Interest on loans taken												
	Deepak Fertilisers and Petrochemicals Corporation Limited	(6,012)	-	-	-	-	(6,012)	(2,426)	-	-	-	-	(2,426)
5	Interest on loan given												
	Mahadhan Farm Technologies Private Limited	-	19	-	-	-	19	-	32	-	-	-	32
6	Dividend received												
	Platinum Blasting Services Pty Ltd	-	1,052	-	-	-	1,052	-	-	-	-	-	-
7	Donation given												
	Ishanya foundation	-	-	-	(246)	-	(246)	-	-	-	(53)	-	(53)
8	Remuneration (including perquisites)**												
	Mr Yeshil Mehta	-	-	(3,337)	-	-	(3,337)	-	-	(1,077)	-	-	(1,077)
	Mr Pankaj Gupta	-	-	(69)	-	-	(69)	-	-	(53)	-	-	(53)
	Mr Sailesh Mehta	-	-	(6,675)	-	-	(6,675)	-	-	-	-	-	-
	Other Directors' Commission	-	-	(100)	-	-	(100)	-	-	(135)	-	-	(135)
9	Loans taken												
	Deepak Fertilisers and Petrochemicals Corporation Limited	52,878	-	-	-	-	52,878	47,736	-	-	-	-	47,736
10	Loans repaid												
	Deepak Fertilisers and Petrochemicals Corporation Limited	(5,000)	-	-	-	-	(5,000)	-	-	-	-	-	-
	Mahadhan Farm Technologies Private Limited	-	240	-	-	-	240	-	-	-	-	-	-

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Note 39(b) Related Party transactions:

Sr. No.	Nature of Transactions	31 March 2022						31 March 2021					
		Holding Company	Subsidiaries	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	Subsidiaries	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
11	Equity Shares Purchased Performance Chemiserve Limited	-	(69,999)	-	-	-	(69,999)	-	(24,705)	-	-	-	(24,705)
12	Amounts outstanding												
	Trade (payables)/Receivables												
	Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	-	-	-	-	(8,086)	-	-	-	-	(8,086)
	Mahadhan Farm Technologies Private Limited	-	-	-	-	-	-	-	47	-	-	-	47
	Remuneration payable												
	Mr Yeshil Mehta	-	-	(3,231)	-	-	(3,231)	-	-	(973)	-	-	(973)
	Mr. Sailesh Mehta	-	-	(6,118)	-	-	(6,118)	-	-	-	-	-	-
	Other Directors' Commission	-	-	(100)	-	-	(100)	-	-	(135)	-	-	(135)
	Trade receivables												
	Deepak Nitrite Limited	-	-	-	-	184	184	-	-	-	-	30	30
	Interest payable												
	Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	-	-	-	-	(2,426)	-	-	-	-	(2,426)
	Loan receivable												
	Mahadhan Farm Technologies Private Limited	-	122	-	-	-	122	-	362	-	-	-	362
	Loans repayable												
	Deepak Fertilisers and Petrochemicals Corporation Limited	(96,429)	-	-	-	-	(96,429)	(48,551)	-	-	-	-	(48,551)

Note : Figures in bracket are outflows.

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

**Remuneration does not include sitting fees paid to non-executive directors of Rs. 19 Lakhs (31 March 2021 : Rs. 18 Lakhs).



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022

(All amounts in ₹ Lakhs unless otherwise stated)

Note 40: Contingent liabilities and Commitments

Particulars	31 March 2022	31 March 2021
A. Contingent liabilities		
Claims against the Company not acknowledged as debts	6,048	6,322
Income Tax demands	21	21
Sales Tax/VAT Demands	2,330	1,937
Local Body Tax	598	633
Excise Duty	339	-
	9,336	8,913
B. Commitments		
Related to Projects	6,027	10,366
Other capital commitments	2,486	3,247
Total	8,513	13,613

Note 41

GAIL has claimed an amount of Rs. 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 the 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 the Company's stand, the Arbitration Tribunal has rejected the claims of GAIL vide orders dated 5 September 2017 and 13 December 2017. Thereafter, GAIL filed Arb Appeal (COMM) NO. 3/2018 challenging the Order dated 5 September 2017 and OMP (COMM) No. 31/2018 before Hon'ble Delhi High Court, which dismissed both the appeals vide its Order dated 20 December 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 Sections 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. The assessments for the block period (Assessment Year 2013-2014 to Assessment Year 2019-2020) are pending before the Assessing Officer as timeline to complete the same is in July 2022. Based on advice of the independent tax experts, management is of the view that aforesaid matters will not have any significant impact on the Company's financial position and hence no further provision has been recognised as of 31 March 2022.

Note 43: Disclosure required under Section 186(4) of the 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 2022	31 March 2021
Mahadhan Farm Technologies Private Limited	8.97%	The loan has been granted to the subsidiary for repayment of shareholder's loan. The loan is repayable on demand.	122	362

The Company has issued corporate guarantees on behalf of subsidiaries to banks. Details are as below :

Name of the party	31 March 2022	31 March 2021	Remarks
Performance Chemiserve Limited (step down subsidiary)	2,04,400	2,04,400	Original Guarantee has given for ₹ 2,04,400 Lakhs, Loan Outstanding as on 31 March 2022 of ₹ 1,11,396 Lakhs

Save



Note 44: Foreign currency balances outstanding

	31 March 2022		31 March 2021	
	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)	1,001	75,889	752	54,977
Interest accrued (in USD)	0	36	1	46
Total	1,001	75,925	753	55,023
Un-hedged Position				
Creditors (in USD)	0	8	-	-
Creditors (in EURO)	0	12	0	41
Interest accrued (in EURO)	-	-	0	19
Creditors (in GBP)	0	0	0	1
Exports (in USD)	-	-	(6)	(414)
Total	0	20	(5)	(353)

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

Particulars	31 March 2022		31 March 2021	
	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs
Forward Contracts - USD	126	9,586	283	20,671
Options Contracts - USD	875	66,339	471	34,353
Total - A	1,002	75,925	754	55,024
Option Contracts - USD (Based on POs in Hand)	361	27,373	-	-
Option Contracts - USD (Booked under Anticipated Exposure Facility)	938	71,111	-	-
Total - B	1,299	98,484	-	-
Grand Total (A+B)	2,301	1,74,410	754	55,024

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

Note 45: Income Taxes

Components of Income Tax Expenses	31 March 2022	31 March 2021
I. Tax expense recognised in the Statement of Profit and Loss		
Current Tax	23,968	13,333
Total (A)	23,968	13,333
Deferred tax charge/(credit)	(699)	(8,915)
Total (B)	(699)	(8,915)
Total (A+B)	23,269	4,418
II. Tax on Other Comprehensive Income		
Deferred Tax		
(Gain)/Loss on remeasurement of net defined benefit plans	(19)	(114)
Total	(19)	(114)

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2022 and 31 March 2021

Particulars	31 March 2022	31 March 2021
Accounting profit before tax	67,673	24,459
At India's statutory income tax rate of 34.944% (31 March 2021: 34.944%) (A)	23,648	8,547
Impact on current and deferred tax of earlier years (Refer Note 42)	-	1,259
Deferred tax recognised on reasonable certainty	(640)	(5,652)
Others	261	264
Total (B)	(379)	(4,129)
Income Tax expense reported in the statement of profit or loss (A+B)	23,269	4,418

Note 46 Other Statutory Information

[A] Below disclosures are not given since there are no such transactions for the financial year ended 31st March 2022 (31st March 2021: Not applicable)

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Company does not have any transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (v) There is no Scheme of Arrangement approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013.

[B] Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.

Y. Suresh



Smartchem Technologies Limited

 Notes to the financial statements for the year ended 31 March 2022
 (All amounts in ₹ Lakhs unless otherwise stated)

Note 47: Relationship with Struck off Companies

Name of struck off Company	Nature of transactions with struck off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
Access Computech Private Limited	AMC for tea smart card reader software	Nil	Supplier of Services

Note 48: Ratios

Particulars	31 March 2022	31 March 2021	Items included in numerator	Items included in denominator	Change in the ratio by more than 25% as compared to the preceding year	Explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year
(a) Current Ratio (in times)	1.37	1.18	Total current assets	Total current liabilities	15.93	NA
(b) Debt-Equity Ratio (in times)	0.57	0.46	Total Debt (Long Term Borrowings, Short Term Borrowings and Lease liabilities)	Shareholder's Equity (Share capital and Other Equity)	22.62	NA
(c) Debt Service Coverage Ratio (in times)	2.65	1.86	Earnings available for Debt Service (Net profit after tax + Non cash operating expenses + interest + other non cash adjustments)	Debt Service = Interest and lease payments + Principal repayments	41.95	Improvement in Cash profit as compared to last year
(d) Return on Equity Ratio (in times)	14.50	7.32	Profit after tax for the current year less preference dividend (if any)	Average Shareholder's Equity	98.02	There is increase in the networth as compared to previous period and there is slight reduction in PAT for the current period, resulted to decrease in the ratio
(e) Inventory turnover ratio (in times)	5.40	5.18	Cost of goods sold	Average inventory	4.26	NA
(f) Trade Receivables turnover ratio (in times)	9.35	4.52	Revenue from operations	Average trade receivables	107.12	Better Receivable Management resulted to increase in the ratio
(g) Trade payables turnover ratio (in times)	3.72	2.32	Purchase of materials and stock in trade	Average trade payables	60.31	Outstanding Payable amount as a percentage of Cost of Goods sold has significantly reduced due to faster
(h) Net capital turnover ratio (in times)	13.61	89.95	Revenue from operations	Working Capital = Current Assets - Current Liabilities	(84.86)	Improvement in working capital level as compared to last year
(i) Net profit ratio (in %)	8.01%	5.13%	Profit after tax for the current year	Revenue from operations	56.17	Significant improvement in the margin resulted to increase in ratio
(j) Return on Capital employed (in %)	21.42%	13.15%	Profit before tax and finance costs	Capital Employed = Tangible Networth + Total Debt + Deferred tax liability	62.91	Significant improvement in the margin resulted to increase in ratio
(k) Return on investment. (in %)	1.98%	1.07%	Income generated from investment funds	Average invested funds in treasury investments	84.51	Significant improvement in the margin resulted to increase in ratio

Note 49: Earnings per Share

Basic Earnings per Share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earnings per Share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. There are no dilutive potential equity shares and accordingly, Basic Earnings per Share and Diluted Earnings per Share are the same. Earnings per Share has been calculated as under:

Particulars	31 March 2022	31 March 2021
Profit after tax for calculation of Basic and Diluted Earnings per Share (Rs. Lakhs)	44,404	20,041
Weighted average number of equity shares (Face Value per share Rs. 10)	1,70,50,000	1,70,50,000
Basic Earnings per Share (in Rs.)	260.43	117.54
Diluted Earnings per Share (in Rs.)	260.43	117.54



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2022
(All amounts in ₹ Lakhs unless otherwise stated)

Note 50: Segment Reporting

Sr No	PARTICULARS	CHEMICALS	FERTILISERS	OTHERS	COMMON	TOTAL
1	Revenue					
	(a) External Sales					
	(i) Manufactured	2,43,949	2,52,547	-	-	4,96,496
	Previous Year	1,22,598	2,17,051	-	-	3,39,649
	(ii) Traded	2,355	55,628	-	-	57,983
	Previous Year	3,145	48,031	-	-	51,176
	(b) Unallocated Corporate other income	-	-	3,198	-	3,198
	Previous Year	-	-	818	-	818
	Total Revenue	2,46,304	3,08,175	3,198	-	5,57,677
	Previous Year	1,25,743	2,65,082	818	-	3,91,643
2	Segment Result	79,334	28,743	-	-	1,08,077
	Previous Year	30,871	19,557	-	-	50,428
3	Unallocated Corporate expenses	-	-	-	40,404	40,404
	Previous Year	-	-	-	25,969	25,969
4	Net profit	-	-	-	-	67,673
	Previous Year	-	-	-	-	24,459
5	Other Information					
	(a) Segment Assets	3,48,828	2,53,283	-	61,534	6,63,625
	Previous Year	2,60,513	2,49,135	-	42,824	5,52,472
	(b) Segment Liabilities	1,39,550	1,88,769	-	6,950	3,35,269
	Previous Year	81,894	1,81,519	-	5,071	2,68,484
	(c) Capital Expenditure incurred during the year	16,239	6,666	-	-	22,905
	Previous Year	7,578	2,740	-	-	10,318
	(d) Depreciation/ Amortisation	11,383	7,346	-	-	18,729
	Previous Year	8,964	8,451	-	-	17,415

Segment Information

1. Primary segment reporting (by business segments)

Composition of business segment

Segment	Products covered
(a) Chemicals	Ammonia, TAN
(b) Bulk Fertilisers	NP, NPK, 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 51: Previous period's figures have been reclassified/ regrouped wherever necessary.

Note Nos. 1 to 51 form an integral part of the financial statements

As per our report of even date attached

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

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

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 24 May 2022



S. C. Mehta
Chairman
DIN:00128204

Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 24 May 2022

Amitabh Bhargava
Chief Financial Officer

Pankaj Gupta
Company Secretary
Membership No: F-9219

