

## INDEPENDENT AUDITOR'S REPORT

To the Members of,  
**Performance Chemiserve Limited**

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the standalone financial statements of **Performance Chemiserve Limited** ("the Company"), which comprise the Balance sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, and profit/loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### 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 of 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.



#### Pune

T + 91 020 25648885/8446011005  
+ 91 020 8446031006/8446031009  
F + 91 020 2542 0212  
E bkkpune@bkkhareco.com  
Hotel Swaroop, 4th Floor,  
Lane No.10, Prabhat Road,  
Erandwane, Pune - 411 004, India

#### Bengaluru

T + 91 80 41105357  
E bkkbengaluru@bkkhareco.com  
101, Money Chambers,  
1st Floor, # 6 K. H. Road,  
Shanthinagar,  
Bengaluru - 560027, India

#### New Delhi

T + 91 011 4905 7624  
E bkkdelhi@bkkhareco.com  
1405/06, 38, Ansal Tower,  
Nehru Place,  
New Delhi 110 019,  
India

#### Chennai

T + 044 4862 9299  
E bkkchennai@bkkhareco.com  
2nd Floor, Crown Court  
Cathedral Road,  
Chennai - 600086,  
India

Key Audit Matters	Response to Key Audit Matter
<p><b>Impairment of assets</b>                      The Company has significant Capital Work in Progress relating to the Ammonia Project                      As the amount is significant, an assessment of carrying value of assets of Ammonia Project is required.</p>	<p>Our audit approach and procedures included</p> <ul style="list-style-type: none"> <li>• Evaluated the reasonableness of management’s conclusions on key assumptions, including forecast cash flows focusing on revenues and earnings, assessing the appropriateness of discount rates, historical and budgetary financial information, current market conditions and growth rates</li> <li>• Assessed the reliability of management’s forecast, whilst considering the risk of management bias</li> <li>• Assessed the competence, capabilities, objectivity of the independent professionals who provided the valuation report</li> <li>• Evaluated the appropriateness of impairment model prepared by the independent professional</li> </ul>

**Information Other than Ind AS Financial Statement and Auditor’s Report thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in Company’s Board Report, but does not include the financial statements and auditor’s report thereon.

Our opinion on Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.





### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Management of the Company is responsible for the preparation and presentation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), and profit or loss (financial performance including other comprehensive income) of the Company in accordance with the group's accounting policies, including the Indian Accounting Standards (Ind AS).

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

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

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

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

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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





### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year, therefore no need to report on requirements of section 197(16) of the Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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.



- ii. The Company has made provision, as required under the applicable law or India Accounting Standard for material foreseeable losses, if any, on long term contracts including derivative contracts;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For **B.K. Khare & Co.**  
Chartered Accountants  
(Firm's Registration No. 105102W)



**Ravi Kapoor**  
Partner  
Membership No. 040404  
UDIN: 20040404AAAAFU7230  
Mumbai, 29<sup>th</sup> June 2020





**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

- (i) In respect of its Fixed Assets:
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified once in a three year by the management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals, according to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given by the management and the records examined by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company
- (ii) The Company does not have any inventory. Therefore, reporting under provision of Clause 3 (ii) of the said Order is not applicable to the Company
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Therefore, reporting under provisions of Clause 3 (iii) (a), (iii) (b) and (iii) (c) of the said Order is not applicable to the Company
- (iv) In our opinion and according to the information and explanations given to us, the Company has not provided loan nor given the advances or guarantees or securities as per provisions of Sections 185 and 186 of the Act, Therefore, reporting under provisions of Clause 3 (iv) of the said Order is not applicable to the Company
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules framed thereunder to the extent notified. Therefore, reporting under provisions of Clause 3 (v) (a), (v) (b) and (v) (c) of the said Order is not applicable to the Company.
- (vi) The Company is not required to maintain cost records as prescribed under sub-section (1) of Section 148 of the Act. Therefore, reporting under provision of Clause 3 (vi) of the said Order is not applicable to the Company.



- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) According to the records of the Company examined by us and information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax Customs duty, Goods & Service Tax, Cess and other applicable statutory dues with the appropriate authorities during the year.
  - (b) There are no arrears of outstanding disputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date the became payable.
  - (c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods & Service Tax and Cess which have not been deposited as on 31 March 2020 on account of disputes.
- (viii) Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or Government or debenture holders as at the 31 March 2020.
- (ix) Based on the records examined by us and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, no instance of fraud by the Company or material fraud on the Company by its officers or employees, was noticed or reported to us by the management during the year.
- (xi) Based on the records examined by us and according to the information and explanations give to us, the Company has not paid any managerial remuneration during the year ended 31<sup>st</sup> March 2020. Therefore, reporting under provision of Clause 3 (xi) of the said Order is not applicable to the Company.
- (xii) As the Company is not a Nidhi Company reporting under provision of Clause 3 (xii) of the order is not applicable to the Company.
- (xiii) Based on the records examined by us and according to the information and explanations given to us, the Company is in compliance with the provisions of Section 177 and Section 188 of the Act, where applicable, for all the transactions with related parties and the details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by applicable Accounting Standards.





- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, reporting under provision of Clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) Based on the records examined by us and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its Directors or persons connected with them. Therefore, reporting under provision Clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under provision of Clause 3 (xvi) of the Order is not applicable to the Company.

For **B.K. Khare & Co.**  
Chartered Accountants  
(Firm's Registration No. 105102W)



**Ravi Kapoor**

Partner

Membership No. 040404

UDIN: 20040404AAAAFU7230

Mumbai, 29<sup>th</sup> June 2020



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

**Opinion**

We have audited the internal financial controls over financial reporting of **Performance Chemiserve Limited** ("the Company") as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of 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 over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**



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

For **B.K. Khare & Co.**  
Chartered Accountants  
(Firm's Registration No. 105102W)

  
**Ravi Kapoor**  
Partner

Membership No. 040404  
UDIN: 20040404AAAAFU7230  
Mumbai, 29<sup>th</sup> June 2020



<b>PERFORMANCE CHEMISERVE LIMITED</b>			
<b>Balance Sheet as at 31 March 2020</b>			
<b>(All Amounts in INR Lakhs unless otherwise stated)</b>			
	<b>Notes</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	12,927	9,812
Right-of-use assets	4	2,416	-
Capital work-in-progress	5	98,152	55,919
Intangible assets	6	41	-
Deferred tax assets (net)	7	36	-
Income tax assets (net)		84	-
Other non-current assets	8	19,198	39,113
<b>Total non-current assets</b>		<b>1,32,854</b>	<b>1,04,844</b>
<b>Current assets</b>			
<b>Financial assets</b>			
i. Investments	9	1,011	24,253
ii. Trade receivables	10	357	119
iii. Cash and cash equivalents	11	1,825	228
iv. Bank balances other than (iii) above	12	171	243
v. Other financial assets	13	5	8
Other current assets	14	-	4
<b>Total current assets</b>		<b>3,369</b>	<b>24,855</b>
<b>Total assets</b>		<b>1,36,223</b>	<b>1,29,699</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	7	7
Other equity	16	44,965	44,595
<b>Total equity</b>		<b>44,972</b>	<b>44,602</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
i. Borrowings	17	85,081	74,733
Deferred tax liabilities	20	-	34
<b>Total non-current liabilities</b>		<b>85,081</b>	<b>74,767</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
i. Trade payables	18	-	-
a) total outstanding dues of micro and small enterprises		12	23
b) total outstanding dues of creditors other than micro and small enterprises	19	6,057	10,209
ii. Other financial liabilities		-	28
Current tax liabilities	21	101	70
Other current liabilities		6,170	10,330
<b>Total current liabilities</b>		<b>91,251</b>	<b>85,097</b>
<b>Total liabilities</b>		<b>1,36,223</b>	<b>1,29,699</b>
<b>Total equity and liabilities</b>			
Summary of Significant Accounting Policies		1 - 2	
The accompanying notes are integral parts of the Financial Statements		3 - 36	
As per our report of even date attached		For and on behalf of the Board of Directors Performance Chemiserve Limited	
<p>For B.K.Khare &amp; Co. Chartered Accountants Firms Registration No.: 105102W</p> <p><i>Ravi Kapoor</i> Ravi Kapoor Partner Membership No.: 040404</p> <p>Place: Mumbai Date: 29-June-2020</p>		<p><i>S. C. Mehta</i> S. C. Mehta Chairman DIN:00128204</p> <p><i>Ashok Shah</i> Ashok Shah Director DIN:00196506</p> <p>Place: Pune Date: 29-June-2020</p>	
<p><i>Upendra Patro</i> Upendra Patro Chief Financial Officer</p> <p><i>Pankaj Gupta</i> Pankaj Gupta Company Secretary Membership No: F-9219</p>		 	

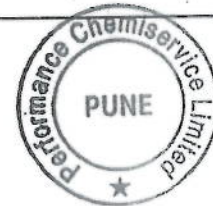


**PERFORMANCE CHEMISERVE LIMITED****Statement of Profit and Loss for the year ended 31 March 2020**

(All Amounts in INR Lakhs unless otherwise stated)

	Notes	31 March 2020	31 March 2019
Revenue from operations	22	239	229
Other income	23	626	1,643
<b>Total Income</b>		<b>865</b>	<b>1,872</b>
<b>Expenses</b>			
Employee benefit expenses	24	10	10
Finance costs	25	-	-
Depreciation and amortisation expenses	26	48	43
Other expenses	27	453	91
<b>Total expenses</b>		<b>511</b>	<b>144</b>
<b>Profit before tax</b>		<b>354</b>	<b>1,728</b>
Income tax expenses			
- Current tax		54	498
- Deferred tax		(70)	(2)
<b>Total tax expenses</b>		<b>(16)</b>	<b>496</b>
<b>Profit for the year</b>		<b>370</b>	<b>1,232</b>
<b>Other comprehensive Income</b>		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>370</b>	<b>1,232</b>
<b>Earning per Equity Share: Face value Rs. 10 each (Rs. 10)</b>			
i) Basic (in ₹)		495.44	2,013.18
ii) Diluted (in ₹)		495.44	2,013.18
<b>Weighted average number of Equity Shares: Face value Rs. 10 each (Rs. 10)</b>			
i) Basic (In Nos)		74,681	61,197
ii) Diluted (in Nos)		74,681	61,197
Summary of Significant Accounting Policies	1 - 2		
The accompanying notes are integral parts of the Financial Statements	3 - 36		

As per our report of even date attached

For and on behalf of the Board of Directors  
Performance Chemiserve LimitedFor B.K.Khare & Co.  
Chartered Accountants  
Firms Registration No.: 105102WS. C. Mehta  
Chairman  
DIN:00128204Upendra Patro  
Chief Financial Officer  
Ravi Kapoor  
Partner  
Membership No.: 040404  
Ashok Shah  
Director  
DIN:00196506  
Pankaj Gupta  
Company Secretary  
Membership No: F-9219Place: Mumbai  
Date: 29-June-2020Place: Pune  
Date: 29-June-2020

**PERFORMANCE CHEMISERVE LIMITED**

**Statement of Cash Flows for the period ended 31 March 2020**

(All Amounts in INR Lakhs unless otherwise stated)

	31 March 2020	31 March 2019
<b>Cash flow from operating activities</b>		
Profit before tax as per statement of profit and loss	354	1,728
<b>Adjustments for</b>		
Depreciation and amortisation expenses	48	43
Gain on sale of investments	(490)	(918)
Changes in fair value of financial assets at fair value through profit or loss	155	(145)
Dividend income	-	(122)
Interest income	(291)	(239)
Unrealised foreign exchange differences	127	175
<b>Cash generated from operations before working capital changes</b>		
(Increase)/Decrease in trade receivables	(238)	(76)
Increase/(Decrease) in trade payables	(11)	22
Increase/(Decrease) in other financial liabilities	4	21
(Increase) in other financial assets	(5)	363
(Increase)/decrease in other non-current assets	(4,516)	(6,593)
(Increase)/decrease in other current assets	4	(4)
Increase/(Decrease) in other current liabilities	31	47
<b>Cash generated from operations</b>	<b>(4,828)</b>	<b>(5,698)</b>
Less - Income taxes paid	166	467
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(4,994)</b>	<b>(6,165)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment, intangible assets	(5,620)	(6,061)
Payment for capital work in progress	(14,658)	(17,074)
Purchase of investment	(2,407)	(82,851)
Proceeds from sale of investments	25,985	69,119
Fixed deposit placed	(171)	(243)
Fixed deposit matured	243	-
Loans and advances	-	7
Interest received	291	239
<b>Net cash inflow/(outflow) from investing activities</b>	<b>3,663</b>	<b>(36,864)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issues of shares	-	29,999
Proceeds from borrowings - non current	10,348	74,733
Repayment of short term loan - current	-	(54,132)
Share issue costs	-	(30)
Bank charges and interest paid	(7,420)	(7,364)
<b>Net cash inflow (outflow) from financing activities</b>	<b>2,928</b>	<b>43,206</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,597</b>	<b>177</b>
Cash and cash equivalents at the beginning of the financial year	228	51
<b>Cash and cash equivalents at end of the year (refer note 11)</b>	<b>1,825</b>	<b>228</b>

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  
Performance Chemiserve Limited


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

  
Ravi Kapoor  
Partner  
Membership No.: 040404

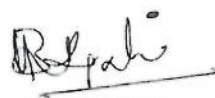


Place: Mumbai  
Date: 29-June-2020

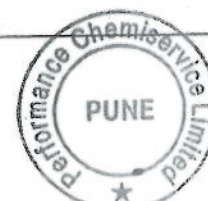
  
S. C. Mehta  
Chairman  
DIN:00128204

  
Ashok Shah  
Director  
DIN:00196506

Place: Pune  
Date: 29-June-2020

  
Upendra Patro  
Chief Financial Officer

  
Pankaj Gupta  
Company Secretary  
Membership No: F-9219





**PERFORMANCE CHEMISERVE LIMITED****Statement of Changes in Equity for the year ended 31 March 2020**

(All Amounts in INR Lakhs unless otherwise stated)

**A. Equity Share Capital**

	31 March 2020	31 March 2019
Balance at the beginning of the year	7	4
Changes in equity shares capital during period	-	3
Balance at the end of the year	7	7

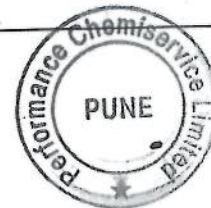
**B. Other Equity**

	Reserves and surplus			Total
	Securities premium	Retained earnings	General reserve	
Balance as at 01 April 2018	11,908	1,342	147	13,397
Profit for the year	-	1,232	-	1,232
Total comprehensive income for the year	-	1,232	-	1,232
Securities premium on share issue	29,966	-	-	29,966
Transfer to general reserve	-	-	-	-
Balance as at 31 March 2019	41,874	2,574	147	44,595
Profit for the year	-	370	-	370
Total comprehensive income for the year	-	370	-	370
Balance as at 31 March 2020	41,874	2,944	147	44,965

Note:-Refer note 16 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  
Performance Chemiserve LimitedFor B.K.Khare & Co.  
Chartered Accountants  
Firms Registration No.: 105102WS. C. Mehta  
Chairman  
DIN:00128204Upendra Patro  
Chief Financial OfficerRavi Kapoor  
Partner  
Membership No.: 040404Ashok Shah  
Director  
DIN:00196506Pankaj Gupta  
Company Secretary  
Membership No: F-9219Place: Mumbai  
Date: 29-June-2020Place: Pune  
Date: 29-June-2020



**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

**1. CORPORATE INFORMATION**

Performance Chemiserve Limited ("the Company") is engaged in the business of drumming of chemical, IPA and is having its registered office at Sai Hira, Survey No.93, Mundhwa, Pune 411036 and carries its drumming operations at its plant located at K – 6 Block, Talaja MIDC, Navi Mumbai – 410208. The Company is in the process of setting up ammonia plant at Talaja with Capacity of 1500 TPD.

**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.

**2.1 Basis of preparation: -**

The Standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the companies (Indian Accounting Standards) Rule, 2015 notified under section 133 of the Companies Act, 2013("the Act"), as amended thereafter and other relevant provision of the act.

The Standalone financial statements have been prepared on an accrual basis and under the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instrument)

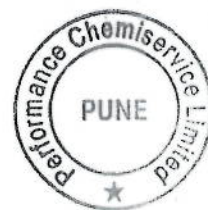
The standalone financial statements are presented in Indian Rupees ("INR"), which is also company's functional currency and all values are rounded off to the nearest lakhs, except when otherwise indicated. Wherever, an amount is presented AS INR '0' it construe value less than ₹. 50,000.

**2.2 Significant accounting estimates, assumptions and judgements**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due



**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**Taxes**

There are many transaction 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 provision in the period in which the tax determination is made. The assessment of provability involves estimation of a number of factors including future taxable income.

**Useful lives of property, plant and equipment ('PPE')**

The Management reviews the estimated useful lives and residual value of PPE at the end of each reporting period. 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 PPE, consequently leading to a change in the future depreciation charge.

**Litigations**

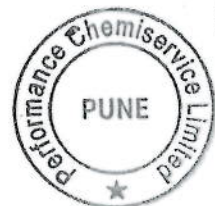
From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the charge/ expense can be reasonably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

**Impairment of financial assets**

The Company assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the 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 cash flows 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.

**2.3 Summary of significant accounting policies**

**(a) Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

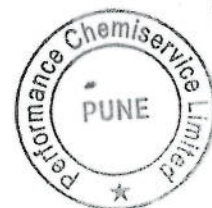
An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in 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





PERFORMANCE CHEMISERVE LIMITED

CIN:- U24239PN2006PLC022101

Notes to the financial Statements for the year ended 31 March 2020

---

• 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.

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.

#### (b) 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:

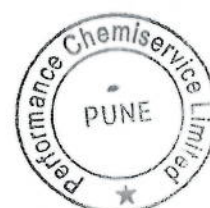
Sale of services are recognised on satisfaction of performance obligation towards rendering of such services.

#### 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.

#### (c) Property, plant and equipment

Items of property, plant and equipment including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bring the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is



**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized in the statement of profit or loss, as incurred. In respect of additions to/ deletions from fixed assets, depreciation is provided on a pro-rata basis with reference to the month of addition/ deletion of the assets. Freehold land is carried at historical cost.

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 assets and their useful life and depreciation charge is based on an internal technical evaluation. 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. These estimated lives are based on technical assessment made by technical expert and management estimates. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

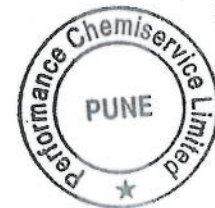
Name of assets	Estimated useful life (in years)
Computers – Servers and Networks	3 – 6
End User Devices such as desktops and laptops	3 – 6
Plant and equipment	10

**(d) Intangible assets**

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Name of assets	Estimated useful life (in years)
Computers software	3 – 7





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

**(e) Borrowing costs**

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

**(f) Foreign currency transactions and balances**

Transactions in foreign currency are recorded applying the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the end of the year, are translated at the closing rates prevailing on the balance sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange differences arising on the settlement of monetary items, at rates different from those at which they were initially recorded, during the year or reported in previous financial statements, are recognized as income or expenses in the year in which they arise. Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/ loss and fair value gain/ loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference do not include foreign exchange difference regarded as an adjustment to the borrowing cost and capitalized with cost of fixed assets.

**(g) Financial instruments**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

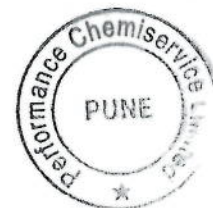
*Financial assets: Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

- Equity instruments measured at fair value through other comprehensive income (FVOCI)

*Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

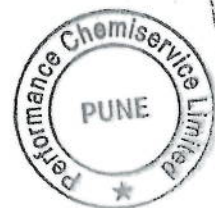
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and b) The asset's contractual cash flows represent SPPI. Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

*Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Equity investments-instruments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made



**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

*Impairment of financial assets*

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

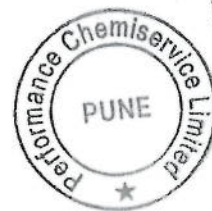
*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when;

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

*Financial liabilities*

Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss.

*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 statement of 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 drawdown 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.

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Derivative financial instruments*

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

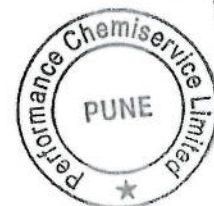
*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(h) 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.

*Company as a lessee*





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets in which case they are capitalized in accordance with the Company's general policy on borrowing costs. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

***Company as a lessor***

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from an operating lease is recognized on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

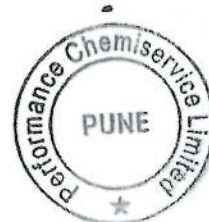
**Transition to Ind AS 116**

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116-Leases effective 1st April 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1st April 2019). Accordingly, previous period information has not been restated.

The Company's lease asset classes primarily consist of lease or land. 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



**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

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

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

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

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

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

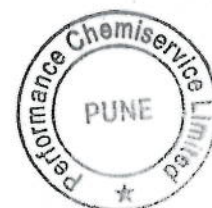
On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest on lease liability.

Please refer Note 4 for details of the right-of-use asset held by the company.

Lease contracts entered by the Company majorly pertain for land.

**(i) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursements.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

**(j) Employee benefit obligations**

Provision for un-availed leave benefits payable to employee as per the scheme of the company is made on actual basis. All assumptions are reviewed at each reporting period.

**(K) Derivative financial instruments**

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at 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 which is designated.

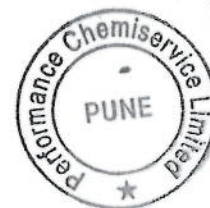
Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair 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 the statement of profit and loss. Amounts accumulated in equity are reclassified to the statement of profit and loss in the periods in which the hedged item affects the 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 for accounting purpose. Such derivative contracts are accounted for at each reporting date at fair value through the statement of profit and loss.

**(l) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.





**PERFORMANCE CHEMISERVE LIMITED**

**CIN:- U24239PN2006PLC022101**

**Notes to the financial Statements for the year ended 31 March 2020**

---

**(m) Income taxes**

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences.

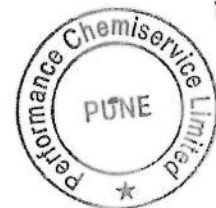
Deferred tax assets on deductible temporary differences, the carry forward of unused tax credits and any unused tax losses are recognized to the extent that there is reasonable certainty that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and tax losses can be utilized, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become reasonably certain that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset or liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

**(n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. 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 equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



PERFORMANCE CHEMISERVE LIMITED  
(All Amounts in INR Lakhs unless otherwise stated)

**Note 3: Property, Plant & Equipment**

	Free-hold Land	Lease-hold Land	Plant and Equipment	Computer	Total
Gross carrying amount as at 01 April 2018	1,282	2,513	68	-	3,863
Additions	6,061	-	-	-	6,061
Gross carrying amount as at 31 March 2019	7,343	2,513	68	-	9,924
Accumulated depreciation					
Opening accumulated depreciation	-	22	47	-	69
Depreciation charge during the year	-	37	6	-	43
Accumulated depreciation as at 31 March 2019	-	59	53	-	112
Net carrying amount as at 31 March 2019	7,343	2,454	15	-	9,812
Gross carrying amount as at 01 April 2019	7,343	2,513	68	-	9,924
Reclassified on account of adoption of Ind AS 116 (Refer to note 4)	-	(2,513)	-	-	(2,513)
Additions	5,574	-	-	1	5,575
Gross carrying amount as at 31 March 2020	12,917	-	68	1	12,986
Accumulated depreciation					
Opening accumulated depreciation	-	59	53	-	112
Reclassified on account of adoption of Ind AS 116 (Refer to note 4)	-	(59)	-	-	(59)
Depreciation charge during the year	-	-	6	-	6
Accumulated depreciation as at 31 March 2020	-	-	59	-	59
Net carrying amount as at 31 March 2020	12,917	-	9	1	12,927

**Note 4: Right of Use of Assets**

	Lease hold land	Total
Balance as at 01 April 2019	-	-
Reclassified on account of adoption of Ind AS 116 (Refer to note 3)	2,454	2,454
Additions	-	-
Deletions	-	-
Depreciation	(38)	(38)
Balance as at 31 March 2020	2,416	2,416

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





**PERFORMANCE CHEMISERVE LIMITED**

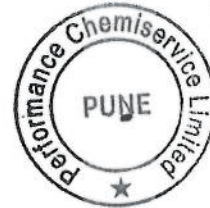
(All Amounts in INR Lacs unless otherwise stated)

**Note 5: Capital work in progress**

	31 March 2020	31 March 2019
Projects	98,152	55,911
Others	-	8
<b>Net carrying amount</b>	<b>98,152</b>	<b>55,919</b>

**Note 6: Intangible Assets**

	Computer Software	Total
Cost as on 01 April 2018	-	-
Additions	-	-
<b>Gross carrying amount as at 31 March 2019</b>	<b>-</b>	<b>-</b>
Cost as on 01 April 2019	-	-
Additions	45	45
<b>Gross carrying amount as at 31 March 2020</b>	<b>45</b>	<b>45</b>
<b>Accumulated depreciation as at 31 March 2018</b>	<b>-</b>	<b>-</b>
Amortisation charge for the year	-	-
<b>Accumulated depreciation as at 31 March 2019</b>	<b>-</b>	<b>-</b>
Amortisation charge for the year	4	4
<b>Accumulated depreciation as at 31 March 2020</b>	<b>4</b>	<b>4</b>
<b>Net carrying amount as at 31 March 2020</b>	<b>41</b>	<b>41</b>
<b>Net carrying amount as at 31 March 2019</b>	<b>-</b>	<b>-</b>



**PERFORMANCE CHEMISERVE LIMITED**

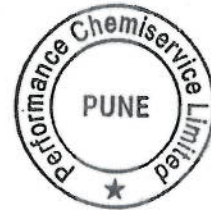
(All Amounts in INR Lakhs unless otherwise stated)

**Note 7: Deferred Tax Assets (Net)**

**Movements during the year ended 31 March 2020:**

	1 April 2019	Credit/(Change) in the statement of Profit and Loss	Credit/(Change) in the statement of Other Comprehensive Income	31 March 2020
Property, plant and equipment and investment property	(3)	-	-	(3)
Financial assets at fair value through profit or loss	(31)	70	-	39
<b>Net deferred tax assets/(liabilities)</b>	<b>(34)</b>	<b>70</b>	<b>-</b>	<b>36</b>

**Movements during the year ended 31 March 2019: (Refer Note No.20)**





**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR Lakhs unless otherwise stated)

**Note 8: Other Non - Current Assets**

	31 March 2020	31 March 2019
Capital advances	5,171	29,602
Balances with government authorities	14,027	9,511
<b>Total</b>	<b>19,198</b>	<b>39,113</b>

**Note 9: Current Investments**

	31 March 2020	31 March 2019
Investment in mutual funds* (Carried at fair value through profit and loss)	1,011	24,253
<b>Total</b>	<b>1,011</b>	<b>24,253</b>

**\* Investment in Mutual Funds 31 March 2020**

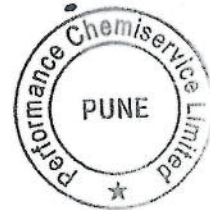
Name of Mutual Fund	No .of Units	Cost	Market Value
Axis Liquid Fund - Direct - Growth	45,878	914	1,011
<b>Total</b>	<b>45,878</b>	<b>914</b>	<b>1,011</b>

**\* Investment in Mutual Funds 31 March 2019**

Name of Mutual Fund	No. of Units	Cost	Market Value
Axis Liquid Fund - Direct - Growth	45,878	914	951
Baroda Pioneer Liquid Fund Regular Growth	10,78,069	22,858	23,058
Kotak Money Market Scheme Growth	3,605	101	111
Kotak Liquid Regular Plan Growth	1,580	58	60
ICICI Prudential Liquid Fund Growth	26,474	70	73
<b>Total</b>	<b>11,55,606</b>	<b>24,000</b>	<b>24,253</b>

**Note 10: Trade Receivables**

	31 March 2020	31 March 2019
Considered good - Secured	-	-
Considered good - Unsecured	357	119
Receivables which have significant increase in credit risk	-	-
Less- Credit Impaired	-	-
<b>Total</b>	<b>357</b>	<b>119</b>



**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR Lakhs unless otherwise stated)

**Note 11: Cash & Cash Equivalents**

	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	1,494	28
- in deposits with original maturity upto three months	331	200
<b>Total</b>	<b>1,825</b>	<b>228</b>

**Note 12: Other Bank Balances**

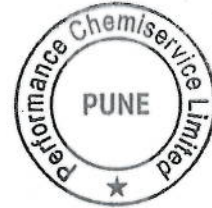
	31 March 2020	31 March 2019
Deposits with maturity more than three months and upto twelve months from the reporting date	171	243
<b>Total</b>	<b>171</b>	<b>243</b>

**Note 13: Other Financial Assets**

	31 March 2020		31 March 2019	
	Current	Non Current	Current	Non Current
(i) Derivatives				
Foreign currency forward contracts	-	-	8	-
(ii) Others				
Interest receivable	5	-	-	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>8</b>	<b>-</b>

**Note 14: Other Current Assets**

	31 March 2020	31 March 2019
Advances to suppliers	-	4
<b>Total</b>	<b>-</b>	<b>4</b>





**PERFORMANCE CHEMISERVE LIMITED**

(All Amounts in INR Lakhs unless otherwise stated)

**Note 15: Share Capital**

	31 March 2020	31 March 2019
<b>Authorised</b>		
1,00,000 equity shares of Rs. 10/- each. (31 March 2019 : 1,00,000 equity shares of Rs 10/- each)	10	10
	10	10
<b>Issued, subscribed and fully paid share</b>		
74,681 equity shares of Rs. 10/- each. (31 March 2019 : 74,681 equity shares of Rs 10/- each)	7	4
Increase during the year - Issued (FY- 2018-19, 29,965 Equity Shares of Rs.10 each)	-	3
<b>Fully Paid Share Capital</b>	<b>7</b>	<b>7</b>

**(i) Reconciliation of the number of Equity Shares**

	31 March 2020		31 March 2019	
	No of Shares	Amount	No of Shares	Amount
Balance as at the beginning of the year	74,681	7	44,716	4
Add: Issued during the year	-	-	29,965	3
<b>Balance as at the end of the year</b>	<b>74,681</b>	<b>7</b>	<b>74,681</b>	<b>7</b>

**Terms and rights attached to equity shares**

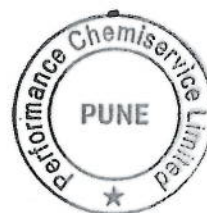
The Company has only one class of issue Equity Shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per Share.

The Company declares and pays dividend in Indian Rupees. The dividend is proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in proportion to their shareholding.

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

	31 March 2020		31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
Smartchem Technologies Limited	63,956	85.64%	63,956	85.64%
Robust Marketing Services Private Limited	10,725	14.36%	10,725	14.36%



**PERFORMANCE CHEMISERVE LIMITED**

(All Amounts in INR Lakhs unless otherwise stated)

**Note No 16: Other Equity**

	31 March 2020	31 March 2019
Securities premium	41,874	41,874
General reserve	147	147
Retained earnings	2,944	2,574
<b>Total other equity</b>	<b>44,965</b>	<b>44,595</b>

**(i) Securities Premium**

	31 March 2020	31 March 2019
Opening balance	41,874	11,908
Add: - Received during the year	-	29,996
Add:- Share issue expenses	-	(30)
<b>Closing balance</b>	<b>41,874</b>	<b>41,874</b>

**(ii) General Reserve**

	31 March 2020	31 March 2019
Opening balance	147	147
Add:- Transfer during the year from retained earning	-	-
<b>Closing balance</b>	<b>147</b>	<b>147</b>

**(iii) Retained earnings**

	31 March 2020	31 March 2019
Opening balance	2,574	1,342
Net profit for the year	370	1,232
<b>Closing balance</b>	<b>2,944</b>	<b>2,574</b>

**Nature and purpose of other equity**

(a) **Securities premium:** The amount received in excess of face value of the equity shares is recognized in securities premium.

(b) **General reserve:** This represents appropriation of profits by the company and is available for distribution of dividend.

(c) **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.





**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR Lakhs unless otherwise stated)

**Note 17: Non - Current Borrowings**

	Maturity date	Terms of repayment	Interest rate	31 March 2020	31 March 2019
Term loans					
Bank of Baroda	31 December 2036	Redeemable in quarterly instalment starting from March 2023	10.27% per annum	66,735	74,733
Exim Bank	31 December 2036	Redeemable in quarterly instalment starting from March 2023	9.97% per annum	18,346	-
<b>Total</b>				<b>85,081</b>	<b>74,733</b>

The term loan from Bank of Baroda and Exim Bank has been availed for financing of Ammonia Project at Talaja. The term loan is secured by - first charge by way of hypothecation in favour of all lenders movable assets, immovable properties, and all the intangible assets in relation to the project, both present and future.

**Note 18: Trade Payables**

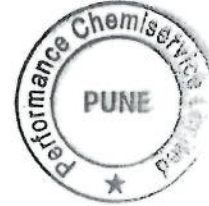
	31 March 2020	31 March 2019
Trade Payables		
Due to micro, small & medium enterprises	-	-
Due to others	12	23
<b>Total</b>	<b>12</b>	<b>23</b>

**Dues to Micro, Small & Medium Enterprises**

	31 March 2020	31 March 2019
Principal amount due at year end	-	-
Interest provided but not paid at year end on above	-	-
Interest due on principal amount already paid	-	-
Delayed Principal amount paid during the year	-	-
Interest paid on delayed principal payment	-	-

**Note 19: Other Financial Liabilities**

	31 March 2020	31 March 2019
Interest accrued	1,121	21
Security deposits	3	-
Capital creditors	4,910	10,039
Foreign-exchange forward contracts	22	149
Other	1	-
<b>Total</b>	<b>6,057</b>	<b>10,209</b>



**PERFORMANCE CHEMISERVE LIMITED**

(All Amounts in INR Lakhs unless otherwise stated)

**Note 20: Deferred Tax Liabilities (Net)**

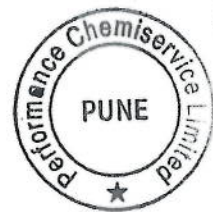
Movements during the year ended 31 March 2020: (Refer Note No.7)

**Movements during the year ended 31 March 2019:**

	1 April 2018	Credit/(Change) in the Statement of Profit and Loss	Credit/(Change) in the Statement of Other Comprehensive Income	31 March 2019
Property, plant and equipment and investment property	(3)	6	-	3
Financial assets at fair value through profit or loss	39	(8)	-	31
<b>Net deferred tax liabilities</b>	<b>36</b>	<b>(2)</b>	<b>-</b>	<b>34</b>

**Note 21: Other Current Liabilities**

	31 March 2020	31 March 2019
Statutory tax payables	101	69
Other payables	-	1
<b>Total</b>	<b>101</b>	<b>70</b>



**PERFORMANCE CHEMISERVE LIMITED**

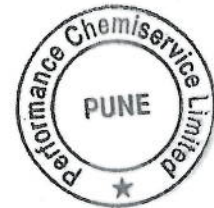
(All Amounts in INR Lakhs unless otherwise stated)

**Note 22: Revenue From Operations**

	31 March 2020	31 March 2019
Income from operations		
-Drumming services	239	229
<b>Total</b>	<b>239</b>	<b>229</b>

**Note 23: Other Income**

	31 March 2020	31 March 2019
Dividend income from investments in Mutual Funds	-	122
Interest income	291	239
Fair Value gain on financial assets measured at fair value through profit or loss	-	145
Net gain on sale of investments	335	918
Foreign exchange fluctuations (net)	-	219
<b>Total</b>	<b>626</b>	<b>1,643</b>





**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR Lakhs unless otherwise stated)

**Note 24: Employee Benefit Expenses**

	31 March 2020	31 March 2019
Salaries, wages and bonus	10	10
<b>Total</b>	<b>10</b>	<b>10</b>

**Note 25: Finance Costs**

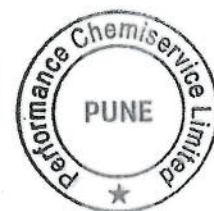
	31 March 2020	31 March 2019
Interest and finance charges on financial liabilities not at fair value through profit or loss	8,520	7,364
Less: Amount capitalised	8,520	7,364
<b>Finance costs expensed in profit or loss statement</b>	<b>-</b>	<b>-</b>

**Note 26: Depreciation and Amortisation Expenses**

	31 March 2020	31 March 2019
Depreciation of property, plant and equipment	44	43
Amortisation of other intangible assets	4	-
<b>Total</b>	<b>48</b>	<b>43</b>

**Note 27: Other Expenses**

	31 March 2020	31 March 2019
Power, fuel and water	2	2
Material handling charges	5	6
<b>Repairs to :</b>		
- Plant and machinery	-	9
- Others	1	-
Rates, taxes and duties	-	17
Directors sitting fees	12	16
Foreign exchange fluctuations( Net)	415	-
Legal and professional fees	16	13
Corporate social responsibility expenditure (refer note 27(a) below)	-	25
Payments to auditors (refer note 27(b) below)	2	3
Miscellaneous expenses	-	-
<b>Total</b>	<b>453</b>	<b>91</b>

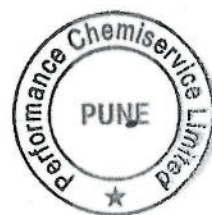


**Note 27(a): Corporate Social Responsibility Expenditure**

	31 March 2020	31 March 2019
Ishanya Foundation	-	-
Others	-	25
<b>Total</b>		<b>25</b>
Amount required to be spent as per Section 135 of the Act	8	5
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	-	25

**Note 27(b): Details of Payments to Auditors**

	31 March 2020	31 March 2019
<b>Payment to auditors</b>		
<b>As auditor:</b>		
Audit fee	2	3
Tax audit fee	-	-
<b>Total</b>	<b>2</b>	<b>3</b>







## PERFORMANCE CHEMISERVE LIMITED

(All Amounts in INR Lakhs unless otherwise stated)

### Note 29: 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 defense namely policies and procedures, review mechanism and assurance aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit committee of the Board with top management oversee the formulation and implementation of the risk management policies. The risk are identified at business unit level and mitigation plans are identified, deliberated and reviewed at appropriate forums.

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

- credit risk;
- liquidity risk; and
- 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.

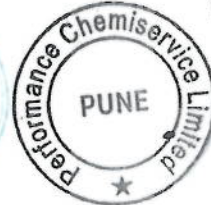
In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a institutional, dealers or end-user customer, their geographic location, industry, trade history with the company and existence 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 expected credit loss as at 31 March 2020 is NIL.(31 March 2019: NIL)

#### Expected credit loss on financial assets other than trade receivables:

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







**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR 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 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 floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate.

**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 2020	31 March 2019
Variable rate	85,081	74,733
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>85,081</b>	<b>74,733</b>

**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 capital work in progress for the year ended 31 March 2020 would decrease / increase by Rs.425 lakhs (for the year ended 31 March 2019: decrease / increase by Rs. 374 lacs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**Note 30. Capital Management**

**(a) Risk Management**

The company's objectives when managing capital are to: safeguard its ability to continue as a going concern, so that 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.

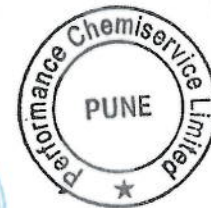
In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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 2020	31 March 2019
Net debt (net of cash and cash equivalents)	83,085	74,262
Total equity	44,972	44,602
<b>Net debt to equity ratio</b>	<b>1.85</b>	<b>1.66</b>



**PERFORMANCE CHEMISERVE LIMITED**

**Note : 31(a) Names of the Related Parties and Relationships**

**A. Holding Company**

1 Smartchem Technologies Limited (STL)

**Ultimate Holding Company**

Deepak Fertilisers and Petrochemicals Corporation Limited

**B. Key Management Personnel**

(a) **Non-executive directors**

Mr. Sailesh C. Mehta  
Mrs. Parul Sailesh Mehta  
Mr. Ashok P. Shah  
Mr. Raghunath Kelkar

**Non-executive independent directors**

Mr. S. R. Wadhwa  
Mr. U. P. Jhaveri  
Mr. R. Sriraman  
Mr. Partha Bhattachararya

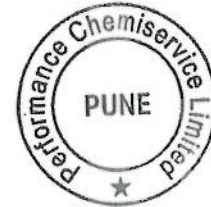
(b) **Company Secretary**

Mr. Pankaj Gupta \*\*\*

**C. Entities over which Key Managerial Personnel are able to exercise significant influence:**

1 Blue Shell Investments Private Limited  
2 Nova Synthetic Limited  
3 The Lakaki Works Private Limited  
4 Superpose Credits And Capital Private Limited  
5 Storewell Credits And Capital Private Limited  
6 High Tide Investments Private Limited  
7 Deepak Asset Reconstruction Private Limited  
8 Mahadhan Investment and Finance Private Limited  
9 Ishanya Foundation  
10 Deepak Foundation  
11 Mahadhan Farm Technologies Private Limited  
12 Robust Marketing Services Private Limited

\*\*\* Mr. Pankaj Gupta is also Company Secretary of Holding Company, STL.





**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR Lakhs unless otherwise stated)

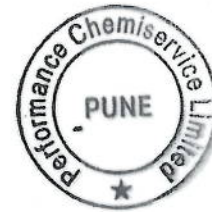
**Note 31(b) Related Party Transactions**

Sr. No.	Nature of Transactions	31 March 2020			31 March 2019		
		Ultimate Holding Entity	Key Management Personnel	Total	Ultimate Holding Entity	Key Management Personnel	Total
1	Rendering of services Deepak Fertilisers And Petrochemicals Corporation Ltd	239	-	239	229	-	229
2	Receiving of services/reimbursement of expenses Deepak Fertilisers And Petrochemicals Corporation Ltd	(340)	-	(340)	(244)	-	(244)
3	Sitting fees paid to non executive directors	-	(12)	(12)	-	(9)	(9)
4	Amount outstanding Trade receivables Deepak Fertilisers And Petrochemicals Corporation Ltd	143	-	143	101	-	101

Note: Figures in bracket are outflows

**Note 32: Capital Commitments**

Sr. No.	Particulars	31 March 2020	31 March 2019
1	Letter of credit issued in favour of suppliers	8,925	18,694
2	Commitments Related to projects (net of advances)	31,824	50,216



**PERFORMANCE CHEMISERVE LIMITED**  
(All Amounts in INR Lakhs unless otherwise stated)

**Note 33: Foreign Currency Balances Outstanding**

	31 March 2020		31 March 2019	
	Amount in FC Lakhs	Equivalent amount in INR Lakhs	Amount in FC Lakhs	Equivalent amount in INR Lakhs
Hedged Position				
Creditors in (USD)	38	2,875	18	1,230
Total	38	2,875	18	1,230

Particulars	31 March 2020		31 March 2019	
	Amount in FC Lakhs	Equivalent amount in INR Lakhs	Amount in FC Lakhs	Equivalent amount in INR Lakhs
Forward contracts -USD	130	9,840	115	8,167
Forward contracts -USD	-	-	171	11,811
Total	130	9,840	286	19,978

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

**Note 34: Income Taxes**

A. Components of Income Tax Expenses	31 March 2020	31 March 2019
<b>I. Income tax expense recognised in the statement of profit and loss</b>		
Current Year	157	498
Adjustments/(credits) related to previous year - (net)	(103)	-
Total (A)	54	498
Deferred tax charge/(credit)	(70)	(2)
Total (B)	(70)	(2)
Total (A+B)	(16)	496
<b>II. Tax on other comprehensive income</b>	-	-
Total	-	-

**Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2020 and 31 March 2019**

Particulars	31 March 2020	31 March 2019
Accounting profit before tax	354	1,728
At India's statutory income tax rate of 25.17% (31 March 2019: 29.12%) (A)	89	503
Effects of income not subject to tax	-	(36)
Dividend income	9	22
Effects of non-deductible business expenses	(103)	-
Reversal of earlier year tax provision	(12)	7
Others	(105)	(7)
Total (B)	(105)	(7)
Income Tax expense reported in the statement of profit or loss (A+B)	(16)	496

Note 35: The Company is in the business of drumming chemical, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.

Note 36: Previous year figures have been regrouped wherever necessary, to correspond with the current year's classification / disclosure.

As per our report of even date attached

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

Ravi Kapoor  
Partner  
Membership No.: 040404

Place: Mumbai  
Date: 29-June-2020



For and on behalf of the Board of Directors  
Performance Chemiserve Limited

*S. C. Mehta* *Uendra Patro*

S. C. Mehta  
Chairman  
DIN:00128204

Uendra Patro  
Chief Financial Officer

*Ashok Shah*  
Ashok Shah  
Director  
DIN:00196506

*Pankaj Gupta*  
Pankaj Gupta  
Company Secretary  
Membership No: F-9219

Place: Pune  
Date: 29-June-2020

*R.*

