

INDEPENDENT AUDITOR'S REPORT

To the Members of
Smartchem Technologies Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone financial statements of **Smartchem Technologies 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, its profit, 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>Revenue recognition</p> <p>Revenue is measured at the fair value of the consideration received or receivable as reduced by dealer discounts and other similar allowances.</p> <p>Subsidy income is booked as revenue when the sale to dealer/retailer is recognised and is subject to the Company ensuring with compliance with relevant regulatory requirements.</p> <p>Volume discounts are assessed based on anticipated sales. Further, timing of revenue recognition is dependent on the shipping terms agreed with customers in relation to passing of risk and rewards of ownership.</p> <p>The application of Indian accounting standard (Ind AS 115) involves significant judgements/material estimates relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.</p> <p>Reference: Refer Note 2 (e) to the Standalone Financial Statements</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <ul style="list-style-type: none"> • Understood the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes. • Analyzed and discussed with management significant contracts including contractual terms and conditions related to discounts, incentives, and rebates. • Reviewed the relevant estimates made in connection with volume discounts and its accounting treatment in the books of account. • Performed procedures to ensure that subsidy is correctly and timely booked as revenue at the rates prescribed by the Department of Fertilizers and in correct period. • Performed cut-off procedures to ensure that revenue is accounted in the correct period. • Selected a sample of contracts and performed the following procedures: <ul style="list-style-type: none"> a. Analyzed and identified the distinct performance obligations in these contracts. b. Compared such performance obligations with that identified and recorded by the Company. c. Reviewed contracts terms to determine the transaction price including any variable consideration to determine the appropriate transaction price for computing revenue and to test the basis of estimation of the variable consideration. • Reviewed disclosures included in the notes to the accompanying standalone financial statements.



<p>Impairment testing of assets The Company has significant intangible assets relating to the acquisition of fertilizer and explosives business As the fertilisers segment has suffered losses in the previous year, an assessment of the carrying value of intangible and tangible assets of the fertilisers business is warranted.</p> <p>Reference: Refer Notes to the Standalone Financial Statements</p>	<p>Our audit approach and procedures included following:</p> <ul style="list-style-type: none">• Evaluated the reasonableness of management's conclusions on key assumptions, including forecast cash flows focusing on revenues and earnings, assessed the appropriateness of discount rates, historical and budgetary financial information, current market conditions and growth rates• Assessed the reliability of management's forecast, whilst considering the risk of management bias• Testing the mathematical accuracy of the workings and models
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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 our 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 Standalone Ind AS 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.

Emphasis of Matter

We draw attention to Note no. 41 of the standalone Ind AS financial statements relating to subsidy which describe the uncertainties related to the outcome of withholding of subsidy and related matters. Our opinion is not qualified in this matter.

We draw attention to the Note no 43 of the standalone Ind AS financial statements regarding compliance of notice received in pursuance of the search & seizure operation conducted by the Income Tax Department during the previous year. The Company has not made any additional provision for tax in respect of these proceedings which are ongoing and not concluded. Our opinion is not modified in respect of this matter.

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 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 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 Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

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

Ravi Kapoor
Partner
UDIN: 20040404AAAFZ7694
Membership No. 040404
Mumbai, 30 June 2020



ANNEXURE " A " TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 in "Report on Other Legal and Regulatory Requirements" of our report of even date to the Members of Company for the year ended 31 March, 2020

- (i) In respect of its Property, Plant and Equipment :
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - b) The Property, Plant and Equipment are physically verified during the 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. During the year, Company has conducted the physical verification of physical assets and 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 and except as disclosed in note no. 3 of the financial statement, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) Physical verification of inventory has been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records have been appropriately dealt with in the books of accounts.
- (iii) According to information and explanation given to us, the Company has granted loans to one body corporate, covered in the register maintained under section 189 of the Companies Act, 2013 in respect of which:
- a) The terms and condition of grant of such loans are, in our opinion, is prima facie, not prejudicial to the Company's interest.
 - b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulation.
 - c) There is no overdue amount remaining outstanding as at the year end.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Sections 185 and 186 of the Act in respect of loans and advances given, investments made and guarantees and securities given to parties covered under the respective sections have been complied with by the Company.
- (v) According to information given to us, Company has not accepted any deposits from public within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the rules framed thereunder to the extent notified. Therefore, the provisions of Clause 3(v) of the Order are not applicable to the Company.



(vi) On the basis of information given to us, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India, under sub section (1) of section 148 of the Companies Act 2013, have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

(vii) According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax Customs duty Cess and other material statutory dues applicable to it to the appropriate authorities during the year.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax, Customs duty, Cess and other material applicable statutory dues as at 31 March 2020 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us and records of the Company examined by us, particulars of dues of Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, and Cess which have not been deposited as on 31 March 2020 on account of disputes are as under:

(Rs. In lakhs)

Nature of the Statute	Amount Demanded	Paid under Protest	Unpaid Amount	Forum where dispute is pending	Period to which Amount relates
Central Sales Tax Act, 1956	8.24	4.12	4.12	AP VAT Tribunal	FY 2012 – 13
Central Sales Tax Act, 1956	45.29	5.79	39.50	Appellate Jt. Commissioner (CT)	FY 2014 – 15
Central Sales Tax Act, 1956	17.02	5.23	11.79	Hon'ble High Court, Andhra Pradesh	FY 2008 - 09 to FY 2011 – 12
Central Sales Tax Act, 1956	18.77	2.35	16.43	Jt. Commissioner (Appeals)	FY 2013 – 14
Central Sales Tax Act, 1956	220.99	30.52	190.47	Jt. Commissioner (CT)	FY 2015 - 16 to FY 2017 – 18
Central Sales Tax Act, 1956	3.34	3.34	-	High Court	FY 2003-2006
Central Sales Tax Act, 1956	12.03	12.03	-	STAT, Vigaz	FY 2005-06



Nature of the Statute	Amount Demanded	Paid under Protest	Unpaid Amount	Forum where dispute is pending	Period to which Amount relates
Andhra Pradesh Value added Tax Act, 2005	159.38	18.68	140.70	Dy Commissioner (CT)	FY 2015 - 16 to FY 2017 - 18
Andhra Pradesh Value added Tax Act, 2005	1340.60	302.41	1038.18	Hon'ble High Court, Andhra Pradesh	FY 2009 - 10 to FY 2014 - 15
Andhra Pradesh Value added Tax Act, 2005	39.84	4.98	34.86	Jt Commissioner (CT)	FY 2015 - 16 to FY 2017 - 18
Central Sales Tax Act, 1956	31.00	1.55	29.45	Addl. Commissioner (CT)	FY 2016-2017
Andhra Pradesh General Sales Tax Act, 1957	31.84	31.84	-	High Court	FY 2000-2004
Income Tax Act, 1961	21.09	--	21.09	CIT (Appeals)	AY 2013 - 14 & 2015 - 16

- (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 as at the 31 March 2020. There are no dues payable to Government and debenture holders.
- (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, we have neither come across any instance of fraud by the



Company or no material fraud on the Company by its officers or employees, nor have any instances of material fraud been reported to us by the management during the year.

- (xi) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to information and explanation given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- (xiii) According to information and explanation given to us and on the basis of examination of records of the Company, transactions with related parties are in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required under Indian Accounting Standards (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (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) According to information and explanation given to us and on the basis of examination of records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are 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: 20040404AAAAFZ7694

Mumbai, 30 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 **Smartchem Technologies 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: 20040404AAAAFZ7694
Mumbai, 30 June 2020

Smartchem Technologies Limited
Standalone Balance Sheet as at 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,28,287	1,34,099
Capital work-in-progress	4	28,641	29,659
Investment property	5	461	461
Right of use assets	6	5,427	-
Other intangible assets	7	1,48,160	1,52,519
Investment in subsidiaries and associates	8	46,115	44,732
Financial assets			
i. Investments	9	3	3
ii. Other financial assets	14	432	463
Income tax assets (net)		1,619	1,207
Other non-current assets	15	2,814	1,044
Total non-current assets		3,61,959	3,64,187
Current assets			
Inventories	16	56,292	68,647
Financial assets			
i. Trade receivables	10	1,00,668	1,12,891
ii. Cash and cash equivalents	12	3,858	2,876
iii. Other bank balances	13	374	154
iv. Loans	11	463	74
v. Other financial assets	14	1,702	429
Other current assets	17	8,312	17,474
Total current assets		1,71,669	2,02,545
Total assets		5,33,628	5,66,732
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	1,705	1,705
Other equity	19	2,61,554	2,60,207
Total equity		2,63,259	2,61,912
Liabilities			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	20	61,063	60,164
ii. Lease liabilities	6	3,693	-
iii. Other financial liabilities	22	170	-
Provisions	23	3,233	3,002
Deferred tax liabilities (net)	25	13,067	12,926
Total non-current liabilities		81,226	76,092
Current liabilities			
Financial liabilities			
i. Borrowings	21	54,525	94,336
ii. Lease liabilities	6	926	-
iii. Trade payables			
(a) total outstanding dues of micro and small enterprises	24	369	175
(b) total outstanding dues of creditors other than micro and small	24	1,11,542	1,13,503
iv. Other financial liabilities	22	19,165	17,607
Other current liabilities	26	1,479	2,175
Provisions	23	1,039	834
Current tax liabilities (net)		98	98
Total current liabilities		1,89,143	2,28,728
Total liabilities		2,70,369	3,04,820
Total equity and liabilities		5,33,628	5,66,732

Significant accounting policies 1 - 2
The accompanying notes form an integral part of the financial statements 3 - 50

As per our report of even date attached

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

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

Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 30 June 2020



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S. C. Mehta
Chairman
DIN:00128204

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Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 30 June 2020

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Date: 2020.06.30
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Pankaj Gupta
Company Secretary
Membership No. F-9219



Smartchem Technologies Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2020	31 March 2019
Income			
Revenue from operations	27	3,15,070	3,75,938
Other income	28	1,395	2,434
Total income		3,16,465	3,78,372
Expenses			
Cost of materials consumed	29	1,82,373	2,19,941
Purchases of stock-in- trade	30	23,894	66,538
Changes in inventories of finished goods & stock - in - trade	31	10,551	(14,609)
Employee benefits expense	32	18,975	16,666
Finance costs	33	15,861	15,698
Depreciation and amortisation expense	34	18,098	17,399
Other expenses	35	45,233	54,394
Total expenses		3,14,985	3,76,027
Profit before tax		1,480	2,345
Tax expense			
Current tax		214	456
Deferred tax (credit)/charge		328	355
Total tax expense		542	811
Profit for the year		938	1,534
Other comprehensive income ('OCI')			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of defined benefit obligations		(535)	55
Income tax relating to these items		187	(19)
Other comprehensive income for the year, net of tax liability		(348)	36
Total comprehensive income for the year		590	1,570

Earnings per equity share of Rs.10 each

i) Basic (in Rs.)	5.50	9.00
ii) Diluted (in Rs.)	5.50	9.00

Weighted average number of equity shares of Rs. 10 each

i) Basic	1,70,50,000	1,70,50,000
ii) Diluted	1,70,50,000	1,70,50,000

Significant accounting policies

1 - 2

The accompanying notes form an integral part of the financial statements

3 - 50

As per our report of even date attached

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

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


Ravi Kapoor
Partner
Membership No.: 040404



SAILESH
CHIMANLAL
MEHTA
S. C. Mehta
Chairman
DIN:00128204

YESHIL
SAILESH
MEHTA
Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 30 June 2020

AMITABH
BHARGAVA
Amitabh Bhargava
CFO

PANKAJ
GUPTA
Pankaj Gupta
Company Secretary
Membership No: F-9219



Smartchem Technologies Limited
Standalone Statement of Changes in Equity for the year ended 31 March 2020
 (All amounts in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital

	31 March 2020	31 March 2019
Balance as at the beginning of the year	1,705	1,705
Changes in equity share capital during the year	-	-
Balance as at the end of the year	1,705	1,705

B. Other Equity

	Reserves and surplus					Other reserves	Total
	Securities premium	Retained earnings	General reserve	Capital redemption reserve	Financial Guarantee*	Other Items of Comprehensive Income	
Balance as at 1 April 2018	2,49,807	7,105	157	1,800	-	(232)	2,58,637
Profit for the year	-	1,534	-	-	-	-	1,534
Remeasurements of post-employment benefit obligation, net of tax	-	-	-	-	-	36	36
Total comprehensive income for the year	-	1,534	-	-	-	36	1,570
Share Issue Expenses	-	-	-	-	-	-	-
Balance as at 1 April 2019	2,49,807	8,639	157	1,800	-	(196)	2,60,207
Profit for the year	-	938	-	-	-	-	938
Remeasurements of post-employment benefit obligation (net of tax)	-	-	-	-	-	(348)	(348)
Total comprehensive income for the year	-	938	-	-	-	(348)	590
Financial guarantee liability	-	-	-	-	757	-	757
Balance as at 31 March 2020	2,49,807	9,577	157	1,800	757	(544)	2,61,554

Note: Refer note 18 for nature and purpose of other equity.

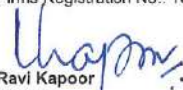
* The Holding Company has provided the guarantee for the funds raised by the Company for which guarantee commission is neither planned nor likely to be settled in near future and accordingly fair value of the guarantee commission is recorded as a component of equity.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For and on behalf of Board of Directors Smartchem Technologies Limited

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


 Ravi Kapoor
 Partner
 Membership No.: 040404

Place: Mumbai
 Date: 30 June 2020



SAILESH
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 CHIMANLAL MEHTA
 Date: 2020.06.30 16:47:00
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S.C.Mehta
 Chairman
 DIN:00128204

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 YESHIL SAIKESH MEHTA
 Date: 2020.06.30
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Y. S. Mehta
 Director
 DIN:07866312

Place: Pune
 Date: 30 June 2020



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 Date: 2020.06.30
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Amitabh Bhargava

CFO

PANKAJ
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 Date: 2020.06.30
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Pankaj Gupta
 Company Secretary
 Membership No: F-9219

Smartchem Technologies Limited
Statement of Standalone Cash Flows for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 March 2020	Year ended 31 March 2019
Cash flow from operating activities		
Profit before tax	1,480	2,345
Adjustments for		
Depreciation and amortisation expense	18,098	17,399
Loss on disposal of property, plant and equipment	50	41
Provision for doubtful trade receivables	483	28
Gain on sale of investments	(140)	(613)
Finance cost on financial guarantee	265	-
Unrealised loss on embedded derivative contracts	718	-
Dividend income	(164)	-
Interest income	(315)	(455)
Finance costs	15,861	15,698
Unrealised foreign exchange fluctuations loss (net)	830	526
Cash generated from operations before working capital changes	37,166	34,969
Change in trade receivables	11,740	(20,764)
Change in inventories	12,355	(15,627)
Change in trade payables	(4,272)	72,460
Change in other financial liabilities	833	(17,734)
Change in other non-current assets	128	209
Change in other non-current liabilities	(280)	(665)
Change in other current assets	9,653	109
Change in provisions	(99)	110
Change in other current liabilities	(696)	930
Cash generated from operations	66,528	53,997
Income taxes paid (net)	(626)	(1,211)
Net cash generated from operating activities	65,902	52,786
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets (including Capital work-in-progress)	(8,290)	(10,178)
Proceeds from sale of property, plant and equipment	89	7
Payment for acquisition of subsidiary, net of cash acquired	(1,383)	-
Purchase of investments	(1,33,900)	(29,386)
Proceeds from sale of investments	1,34,040	-
Loans to subsidiaries	(390)	-
Repayment of loans by employees and other loans given	1	123
Fixed deposit placed	(10,720)	(68)
Fixed deposit matured	10,500	-
Dividends received from a subsidiary	164	-
Interest received	620	455
Net cash (used in) investing activities	(9,269)	(39,047)
Cash flows from financing activities		
Proceeds from borrowings - current	2,39,244	68,466
Repayment of borrowings - current	(2,73,870)	(85,119)
Proceeds from borrowings - non current	-	28,767
Repayment of borrowings - non current	(8,239)	(7,887)
Proceeds from issue of compulsory convertible debentures	10,500	-
Proceeds from borrowings - From related parties	815	-
Repayment of borrowings - From related parties	(6,000)	-
Payment of lease liability	(997)	-
Interest paid	(17,104)	(16,223)
Net cash (used in) financing activities	(55,651)	(11,996)
Net increase in cash and cash equivalents	982	1,743
Cash and cash equivalents at the beginning of the year	2,876	1,133
Cash and cash equivalents at end of the year	3,858	2,876


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 Board of Directors of
Smartchem Technologies Limited

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


Ravi Kapoor
Partner
Membership No.: 040404

Place: Mumbai
Date: 30 June 2020



SAILESH Digitally signed by SAILESH CHIMAN LAL MEHTA Date: 2020.06.30 18:47:39 +05'30'
CHIMAN
LAL
MEHTA

S. C. Mehta
Chairman
DIN:00128204

YESHIL Digitally signed by YESHIL SAILESH MEHTA Date: 2020.06.30 18:52:33 +05'30'
SAILESH
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Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 30 June 2020

AMITABH Digitally signed by AMITABH BHARGAVA Date: 2020.06.30 18:17:14 +05'30'
BHARGAVA

Amitabh Bhargava
CFO

PANKAJ Digitally signed by PANKAJ GUPTA Date: 2020.06.30 18:02:20 +05'30'
GUPTA

Pankaj Gupta
Company Secretary
Membership No: F-9219



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

Note 1: The Company and Nature of its Operations:

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

Note 2: Significant Accounting Policies

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

(a) Basis of Preparation:

i. Compliance with Ind AS

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

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

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

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

An asset is treated as current when:

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

The Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

ii. Historical cost convention

- a) The standalone Financial Statements have been prepared on historical cost basis, except the following:
- Certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
 - Assets held for sale – measured at fair value less cost to sell;
 - Defined benefit plans – plan assets measured at fair value; and
- b) The standalone financial statements are presented in Indian Rupees (“INR”), which is also the Company’s functional currency and all values are rounded off to the nearest lakhs, except when otherwise indicated. Wherever, an amount is presented as INR ‘0’ (zero) it construe value less than Rs 50,000.

(b) Significant accounting estimates, assumptions and judgements.

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

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

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

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

Taxes

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

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

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

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

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

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

Defined benefit plans

Employee benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, employee benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Litigation

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash flow ("DCF") model. The inputs to these models are taken



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

(c) Segment reporting

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

(d) Foreign currency translation

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

(e) Revenue recognition

Effective 01 April 2018, Ind AS 115 - 'Revenue from contracts with customers' has replaced Ind AS 18 - 'Revenue' and Ind AS 11 - 'Construction contracts'. The Company has applied Ind AS 115 'Revenue from Contracts with customers' ("hereinafter referred to as Ind AS 115") effective from 01 April 2018, using modified retrospective approach for the purpose of transition. Accordingly, comparatives for the previous period have not been restated. The application of Ind AS 115 did not have any material impact on the financial results of the Company.

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

Sale of Goods:

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

Sale of Services:

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

Interest and dividend income:

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

(f) Income Tax

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

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

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

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

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

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

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

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

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

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

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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 6 for details of the right-of-use asset held by the company.

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

(h) Business Combinations:

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

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

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

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

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

(i) Impairment of financial assets

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

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

(j) Impairment of non-financial assets

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

(k) Cash and Cash Equivalentents

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(l) Inventories

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

(m) Investments and other financial instruments

(i) Classification

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

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

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

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

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

(ii) Measurement

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

Debt instruments:

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments:

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

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

Investments in subsidiaries and associates

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

(iii) Derecognition

A financial asset is derecognised only when:

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

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

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

Derivatives & Hedging:

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

Cash flow hedges that qualify for hedge accounting:

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

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

Derivatives that are not designated as hedges:

The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges as in case of such transactions, the underlying is re-stated at closing exchange



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

rates. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

Offsetting financial instruments:

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

(n) Property, plant and equipment

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

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

Depreciation methods, estimated useful lives and residual value:

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

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

- Depreciation for assets purchased/sold during a period is proportionately charged.



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

(o) Investment properties

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

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

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

(p) Intangible assets

Goodwill:

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

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

(q) Trade and other payables

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(r) Borrowings

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

(s) Borrowing costs

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

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

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

(t) Provisions

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

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

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

(y) Changes in significant accounting policies

There have been no changes in accounting policies during the Financial year 2019-20, except for implementation of Ind AS 116 as described in point 2.3 (h) of accounting policy.

(z) Recent key accounting pronouncements which are not yet effective

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no such notifications which would be applicable from 1 April 2020.



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(u) Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations

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

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

Post-employment obligations

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

Gratuity and retirement benefit obligations

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

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

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

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

Provident Fund

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

(v) Earning per share

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(w) Cash Dividend

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(x) Recent Accounting Developments

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is in the process of evaluating the impact of this amendment on the financial statements.

Ind AS 23 –Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset are ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The Company does not expect any impact due to this amendment

Covid-19 impact analysis

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

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



Smartchem Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 3: Property, Plant & Equipment

	Freehold land	Leasehold Land *	Buildings	Plant and Equipment	Electric Installation	Furniture & Fixtures	Office Equipments	Laboratory Equipments	Vehicles	Total
Gross carrying amount										
As at 1 April 2018	2,593	249	18,416	1,34,508	2,762	252	580	197	494	1,50,079
Additions	-	-	1,637	5,586	36	28	421	161	407	9,276
Disposals	-	-	(7)	(93)	-	(3)	(16)	-	(64)	(163)
Gross carrying amount as at 31 March 19	2,593	249	20,046	1,39,999	2,828	277	985	358	837	1,59,172
Accumulated depreciation										
Balance as at 1 April 2018	-	(9)	(1,615)	(21,039)	(532)	(102)	(248)	(50)	(283)	(23,882)
Depreciation charge for the year	-	(3)	(799)	(6,810)	(277)	(38)	(241)	(37)	(125)	(10,330)
On disposals	-	(12)	6	53	-	3	15	-	52	130
Accumulated depreciation as at 31 March 2019	-	(12)	(2,412)	(28,786)	(809)	(137)	(474)	(87)	(356)	(34,073)
Net carrying amount as at 31 March 2019	2,593	237	17,634	1,10,213	2,019	140	511	271	481	1,34,099
As at 1 April 2019										
Additions	2,593	249	20,046	1,39,999	2,828	277	985	358	837	1,68,172
Disposals	-	-	714	4,160	2	9	42	2	189	5,118
Reclassified on account of adoption of Ind AS 116	-	(249)	-	(14)	-	(1)	(9)	-	(158)	(246)
Gross carrying amount as at 31 March 2020	2,593	-	20,760	1,44,145	2,830	295	1,018	360	888	1,72,859
Accumulated depreciation										
Balance as at 1 April 2019	-	(12)	(2,412)	(29,796)	(809)	(137)	(474)	(87)	(356)	(34,073)
Depreciation charge for the year	-	-	(874)	(8,919)	(270)	(38)	(251)	(90)	(152)	(10,594)
On disposals	-	-	-	1	-	0	7	-	35	43
Reclassified on account of adoption of Ind AS 116	-	12	(3,285)	(38,704)	(1,079)	(175)	(718)	(137)	(473)	(44,572)
Accumulated depreciation as at 31 March 2020	-	-	17,474	1,05,441	1,751	110	300	223	395	1,26,287
Net carrying amount as at 31 March 2020	2,593	-	17,474	1,05,441	1,751	110	300	223	395	1,26,287

(*): Title deeds of leasehold and freehold land having gross block of Rs. 3,213 Lakhs (Net Block 3,199 Lakhs) which were part of de-merger scheme are in the name of the Holding Company. The Company is in the process of transferring these title to its own name.



Smartchem Technologies Limited

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

(All amounts in ₹ Lakhs unless otherwise stated)

Note 4: CAPITAL WORK-IN-PROGRESS

	31 March 2020	31 March 2019
Projects (Mainly comprising of building and plant & machinery) #	27,317	26,187
Others	1,324	3,472
Total	28,641	29,659

Includes borrowing cost of Rs. 1,042 Lakhs (31 March 2019 Rs. 1,730 Lakhs)

Note 5: INVESTMENT PROPERTIES

	31 March 2020	31 March 2019
Gross carrying amount		
Opening gross carrying amount	461	461
Additions	-	-
Closing gross carrying amount	461	461
Accumulated depreciation		
Opening accumulated depreciation	-	-
Depreciation charge	-	-
Closing accumulated depreciation	-	-
Net carrying amount	461	461

(i) Fair value

	31 March 2020	31 March 2019
Investment properties	590	590

a) Disclosures relating to fair valuation of investment property

Fair value of the above investment property as at 31 March 2020 is Rs. 590 lakhs based on external valuation.

Fair value Hierarchy

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

Description of valuation technique used

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

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



Smartchem Technologies Limited

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

(All amounts in ₹ Lakhs unless otherwise stated)

Note 6: Leases**A. Right of use assets**

Particulars	Land and Building	Other Equipment	Leasehold Land	Total
Balance as at 1 April 2019	1,202	3,924	-	5,126
Add: Reclassification on account of Ind AS 116	-	-	237	237
Add: Addition during the year	-	-	854	854
Less: Transferred during the year	-	-	-	-
Less: depreciation charged for the period	(237)	(549)	(4)	(790)
Balance as at 31 March, 2020	965	3,375	1,087	5,427

B. Lease liabilities

Particulars	As at 31 March 2020
Balance as at 1 April 2019	5,126
Add: Addition during the year	-
Add: Finance charge for the period	490
Less: Lease rental paid	(997)
Total	4,619

Particulars	As at 31 March 2020
Current	926
Non Current	3,693
Total	4,619

C. Interest expenses on lease liabilities

Particulars	As at 31 March 2020
Interest on lease liabilities	490

D. Expenses on short term leases / low value assets

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

E. Amounts recognised in the statement of cash

Particulars	As at 31 March 2020
Total cash outflow for leases	997

F. Maturity analysis – contractual undiscounted cash flows

Particulars	As at 31 March 2020
Less than one year	950
One to five years	5,071
More than five years	666
Total undiscounted lease liabilities at 31 March, 2020	6,687

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in ₹ Lakhs unless otherwise stated)

Note : 7 Intangible Assets

	Computer Software	Technical Know How/ Engineering Fees	License/ Franchise Fees	Other Intangible Asset	Goodwill	Brand	Total
Gross carrying amount as on 1 April 2018	542	332	1,002	4,031	77,192	93,714	1,76,813
Additions	-	-	-	-	-	-	-
Disposals/ Transfers/ Adjustments	-	-	-	-	-	-	-
Gross carrying amount as on 1 April 2019	542	332	1,002	4,031	77,192	93,714	1,76,813
Additions	852	-	69	-	-	-	921
Disposals/ Transfers/ Adjustments	(16)	(4)	30	-	-	(10)	-
Gross carrying amount as on 31 March 2020	1,378	328	1,101	4,031	77,192	93,704	1,77,734
Accumulated Amortisation							
Accumulated amortisation as at 1 April 2018	85	96	589	3,225	-	14,235	18,240
Amortisation charge for the year	39	32	432	806	-	4,745	6,054
Disposals	-	-	-	-	-	-	-
Accumulated amortisation as at 1 April 2019	124	128	1,031	4,031	-	18,980	24,294
Amortisation charge for the year	481	34	12	-	-	4,753	5,280
Disposals	-	-	-	-	-	-	-
Closing accumulated amortisation as at 31 March 2020	605	162	1,043	4,031	-	23,733	29,574
Net Block as at March 31, 2020	773	166	58	-	77,192	69,971	1,48,460
Net Block as at March 31, 2019	418	204	(29)	-	77,192	74,734	1,52,519



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

FINANCIAL ASSETS

Note 8: INVESTMENT IN SUBSIDIARIES & ASSOCIATES - NON - CURRENT

	31 March 2020	31 March 2019
Investments in equity shares (unquoted) of subsidiaries (fully paid up)		
72,800 (31 March 2019 : 72,800) equity shares of of Platinum Blasting Services Pty Ltd of AUD 100 each fully paid up	3,769	3,769
10,000 (31 March 2019 : Nil) equity shares of Mahadhan Farm Technologies private limited of Rs 10 each	1,383	-
63,956 (31 March 2019 : 63,956) equity shares of Performance Chemiserve Limited (formerly known as Performance Chemiserve Private Limited) of Rs 10 each	40,963	40,963
Total (equity instruments)	46,115	44,732
Total	46,115	44,732
Aggregate amount of unquoted investments	46,115	44,732

Note 9 : INVESTMENTS

	31 March 2020	31 March 2019
Investments in equity shares (unquoted) (fully paid up) (fair value through profit and loss)		
4,715 (31 March 2019 : 4,715) equity shares of Punjab National Bank	3	3
Total	3	3

Note 10: TRADE RECEIVABLES

	31 March 2020	31 March 2019
Trade Receivables		
Unsecured, considered good	1,00,668	1,12,891
Unsecured, credit impaired	1,678	1,195
Less: Impairment loss allowance	(1,678)	(1,195)
Total	1,00,668	1,12,891

Movement in allowance for expected credit loss:

	31 March 2020	31 March 2019
Balance at beginning of the year	1,195	1,167
Add: Allowance for expected credit loss	874	57
Less: utilized during the year	391	29
Balance as at the end of the year	1,678	1,195

(i) Trade Receivable includes Rs. 39,668 Lakhs (31 March 2019 Rs. 39,652 Lakhs) towards fertiliser subsidy receivable from the Government of India.

Note 11: LOANS

	31 March 2020	31 March 2019
Unsecured, considered good		
Loan to subsidiaries (Refer note 44)	390	-
Loan to employees	66	29
Other loans	7	45
Total	463	74

Note 12: CASH & CASH EQUIVALENTS

	31 March 2020	31 March 2019
Balances with banks		
- in current accounts	3,289	2,736
Deposits with original maturity upto three months	563	-
Cash on hand	6	6
Cheques in hand	-	134
Total	3,858	2,876

Note 13: OTHER BANK BALANCES

	31 March 2020	31 March 2019
Deposits with maturity upto 12 months from the reporting date	374	154
Total	374	154

Note 14: OTHER FINANCIAL ASSETS

	31 March 2020		31 March 2019	
	Current	Non Current	Current	Non Current
(i) Derivatives				
Derivatives not designated as hedges	1,675	-	-	-
(i) Others				
Interest receivable	27	-	332	-
Deposit with banks with maturity after twelve months from the reporting date	-	76	-	76
Security deposits	-	349	-	381
Others	-	7	97	6
Total	1,702	432	429	463



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 15: OTHER NON-CURRENT ASSETS

	31 March 2020	31 March 2019
Capital advances	1,869	379
Balance with government authorities	667	665
Financial Guarantee Asset	278	-
Total	2,814	1,044

Note 16: INVENTORIES

	31 March 2020	31 March 2019
Raw materials	18,169	22,497
Includes Rs. 5,739 Lakhs (31 March 2019 Rs 1,945 Lakhs) in transit		
Work-in-progress	-	-
Finished goods	20,604	28,281
Stock-in-trade Includes Nil (31 March 2019 Rs 3 Lakhs) in transit	4,823	7,697
Traded goods	-	-
Stores and spares Includes Rs. 16 Lakhs (31 March 2019 Rs 178 Lakhs) in transit	10,826	8,536
Packing material	1,870	1,636
Total	56,292	68,647

Note 17: OTHER CURRENT ASSETS

	31 March 2020	31 March 2019
Advances for supply of goods and services	1,175	3,628
Balances with government authorities	6,215	11,704
Prepaid expenses	609	307
Financial Guarantee Asset	213	-
Other receivables	100	1,835
Total	8,312	17,474

Note 18: SHARE CAPITAL

	31 March 2020	31 March 2019
Authorised		
17,50,00,000 equity shares of Rs. 10/- each. (31 March 2019: 17,50,00,000 equity shares of Rs 10/- each)	17,500	17,500
18,00,000 1% Cumulative redeemable preference shares of Rs 100/- each. (31 March 2019: 18,00,000 Cumulative redeemable preference shares of Rs 100/- each.)	1,800	1,800
	19,300	19,300
Issued, subscribed and fully paid-up share capital		
1,70,50,000 equity shares of Rs. 10/- each. (31 March 2019: 1,70,50,000 equity shares of Rs 10/- each)	1,705	1,705
Fully paid-up share capital as at year end	1,705	1,705

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

	31 March 2020		31 March 2019	
	No of Shares	Amount	No of Shares	Amount
Equity Shares				
Balance as at the beginning and at the end of the year	1,70,50,000	1,705	1,70,50,000	1,705
Add: issued during the year	-	-	-	-
	1,70,50,000	1,705	1,70,50,000	1,705

Terms and rights attached to equity shares

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

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

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

	31 March 2019		31 March 2018	
	Number of shares	% Holding	Number of shares	% Holding
Deepak Fertilisers & Petrochemicals Corporation Limited	1,70,49,994	100%	1,70,49,994	100%

Note 19: OTHER EQUITY

Nature and purpose of other equity

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

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

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

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



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

FINANCIAL LIABILITIES

Note 20: NON-CURRENT BORROWINGS

	Terms of repayment & Maturity date	Coupon/ Interest rate	31 March 2020	31 March 2019
Secured				
Term loans				
State Bank of India	Repayable in 28 quarterly instalments starting from Jun 2017 onwards.	10.25% per annum	25,405	32,111
Export Import Bank Of India (Loan 1)		9.80% to 9.60% per annum	5,716	7,144
Export Import Bank Of India (Loan 2)	Repayable in 28 quarterly instalments starting from Jun 2020 onwards.	9.55% to 9.75% per annum	28,662	28,767
Unsecured				
Compulsory convertible debentures - IFC		8% interest per annum (IRR - 15.25%)	10,638	-
Total non-current borrowings			70,421	68,022
Less: Current maturities of long-term debt (included in note 20)			9,358	7,858
Total			61,063	60,164

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

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

Note 21: CURRENT BORROWINGS

	31 March 2020	31 March 2019
Loans repayable on demand		
Secured		
-Buyer's credit	-	483
-Short term loan	52,300	85,500
-Cash credit facilities	1,410	2,353
	53,710	88,336
Unsecured		
From related parties	815	6,000
Total current borrowings	815	6,000
Total	54,525	94,336

Buyer's credits are generally due within 180 days and carry variable rate of interest for the year 3.26% (31 March 2018 - 2.07%) and are secured by a first charge by way of hypothecation of stocks of raw materials, stock-in-process, consumable stores and book debts.

Short term loan from various banks amounting to Rs 52,300 Lakhs is due within 180 days from the draw down date, carrying interest rate of 9.14% at 31 March 2020 (31 March 2019 – 8.94%) and is secured by a first charge by way of hypothecation of stocks of raw materials, stock-in-process, consumable stores and book debts.

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

Note 22: OTHER FINANCIAL LIABILITIES

	31 March 2020	31 March 2019
Non-current		
Embedded Derivative	170	-
Total	170	-
Current		
Current maturities of non-current borrowings	9,358	7,858
Interest accrued	597	1,427
Security deposits	5,118	4,730
Capital creditors	1,567	2,060
Derivatives not designated as hedges	548	526
Others (*)	1,977	1,006
Total	19,165	17,607

(*) Others include provisions related to employee benefits of Rs. 1,779 lakhs (31 March 2019 Rs.805 Lakhs)



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 23: PROVISIONS

	31 March 2020		31 March 2019	
	Current	Non - Current	Current	Non - Current
Provision for employee benefits				
Gratuity	717	2,275	558	2,113
Compensated absences	234	940	204	860
Defined pension benefits	88	18	72	29
Total (A)	1,039	3,233	834	3,002

(A) Defined Contribution Plans

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

Particulars	31 March 2020	31 March 2019
Employer's contribution to provident fund	587	494
Employer's contribution to employee's pension scheme	179	180
Employer's contribution to superannuation fund	864	394
Employer's contribution to employee state insurance	8	12

(B) Defined Benefit Plans

I. Gratuity

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of gratuity. The discount rate assumed is 6.40% p.a. (31 March 2019: 7.50% p.a.) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2019: 60 years) and mortality table is as per IALM (2012-14) (31 March 2019: IALM (2012-14)).

The estimates of future salary increases, considered in actuarial valuation is 8% p.a. (31 March 2019: 6% p.a.), taking into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The plans assets are maintained with Life Insurance Corporation of India and India First Life Insurance in respect of gratuity scheme of the Company. The details of investments maintained by Life Insurance Corporation are not available with the Company, hence not disclosed. The expected rate of return on plan assets is 7.50% p.a. (31 March 2019: 7.50% p.a.).

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

Particulars	31 March 2020	31 March 2019
Present value of obligation at the beginning of the year	2,965	2,579
Current service cost	220	221
Interest cost	210	191
Actuarial loss	550	38
Benefits paid	(339)	(64)
Present value of obligation at the end of the year	3,607	2,965

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

Particulars	31 March 2020	31 March 2019
Present value of obligation at the end of the year	3,607	2,965
Fair value of plan assets at the end of the year	614	293
Net (asset)/liabilities recognised in the Balance Sheet	2,993	2,672

Fair value of Plan assets :

Particulars	31 March 2020	31 March 2019
Plan assets at the beginning of the year	293	-
Interest Income	33	10
Expected return on plan assets	(9)	7
Contribution by employer	297	276
Actual benefits paid	-	-
Actuarial gain/(loss)	-	-
Plan assets at the end of the year	614	293

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

Particulars	31 March 2020	31 March 2019
Current service cost	220	221
Interest cost	177	181
Expense recognised in the Statement of Profit and Loss	397	402

Amount recognised in the other comprehensive income:

Particulars	31 March 2020	31 March 2019
Remeasurements Cost / (Credit)	550	38
Actuarial (gain)/loss on plan assets	9	(7)
Amount recognised in the Other Comprehensive Income	559	31



Smartchem Technologies Limited
Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Sensitivity analysis :

Particulars	31 March 2020		31 March 2020	
	Discount rate		Future salary increase	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit (decrease)/increase	(159)	172	(134)	127

Particulars	31 March 2019		31 March 2019	
	Discount rate		Future salary increase	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit (decrease)/increase	(139)	151	124	(116)

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

ii. Defined pension benefits

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

In accordance with Ind AS 19 "Employee Benefits", an actuarial valuation has been carried out in respect of post retirement benefits. The discount rate assumed is 6.40% p.a. (31 March 2019: 7.50% p.a) which is determined by reference to market yield at the Balance Sheet date on Government bonds. The retirement age has been considered at 60 years (31 March 2019: 60 years) and mortality table is as per IALM (2012-14) (31 March 2019: IALM (2012-14).

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

Particulars	31 March 2020	31 March 2019
Present value of obligation at the beginning of the year	101	133
Current service cost	25	48
Past service cost	-	-
Interest cost	7	10
Actuarial loss	(24)	(86)
Benefits paid	(3)	(4)
Present value of obligation at the end of the year	106	101

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

Particulars	31 March 2020	31 March 2019
Current service cost	25	48
Past service cost	-	-
Interest cost	7	10
Expense recognised in the Statement of Profit and Loss	32	58

Amount recognised in the other comprehensive income:

Particulars	31 March 2020	31 March 2019
Remeasurements Cost / (Credit)	(24)	(86)
Actuarial (gain)/loss on plan assets	-	-
Amount recognised in the Other Comprehensive Income	(24)	(86)

Sensitivity analysis :

Particulars	31 March 2020		31 March 2019	
	Discount rate		Discount rate	
Assumptions				
Sensitivity level	1.00% increase	1.00% decrease	1.00% increase	1.00% decrease
Impact on defined benefit	(24)	32	(22)	30

Note 24: TRADE PAYABLES

	31 March 2020	31 March 2019
Current		
Trade payables		
(a) total outstanding dues of micro and small enterprises	369	175
(b) total outstanding dues of creditors other than micro and small enterprises	1,11,542	1,13,503
Total	1,11,911	1,13,678

Trade Payable as stated above includes Trade creditors related to materials for Rs.72,199 lakhs (31 March 2019 – Rs.64,846 lakhs)

Details of dues to micro small and medium enterprises as defined under the Micro,

	31 March 2020	31 March 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount outstanding (whether due or not) to micro and small enterprises	369	175
- Interest due thereon	41	3
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of payment made to the supplier beyond the appointed day during the year	1,730	1,166
Amount of interest due and payable on delayed payments	67	26
Amount of interest accrued and remaining unpaid as at year end	67	26
The amount of further interest remaining due and payable even in the succeeding year	-	-

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

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



Smartchem Technologies Limited

Notes to the financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 25: DEFERRED TAX LIABILITIES (NET)

The balance comprises temporary differences attributable to:

	31 March 2020	31 March 2019
(a) Deferred tax assets	(37,772)	(34,980)
(b) Deferred tax liabilities	50,844	47,971
Net deferred tax liabilities	13,067	12,926

Movements in deferred tax liabilities:

Movements during the year ended 31 March 2020:

	1 April 2019	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2020
Property, plant and equipment and investment property and intangible assets	47,971	2,873	-	50,844
Financial assets at fair value through profit or loss	(129)	-	-	(129)
Financial assets at FVOCI (including derivatives)	(53)	-	(187)	(240)
MAT credit	(3,295)	(165)	-	(3,460)
Provisions	(998)	(191)	-	(1,189)
Business loss	(30,505)	(2,249)	-	(32,754)
Others	(65)	60	-	(5)
Net deferred tax liabilities	12,926	328	(187)	13,067

Movements during the year ended 31 March 2019:

	1 April 2018	Credit/(charge) in the statement of Profit and Loss	Credit/(charge) in the Other Comprehensive Income	31 March 2019
Property, plant and equipment and investment property and intangible assets	43,486	4,485	-	47,971
Financial assets at fair value through profit or loss	(129)	-	-	(129)
Financial assets at FVOCI (including derivatives)	(72)	-	19	(53)
MAT credit	(2,839)	(456)	-	(3,295)
Provisions	(893)	(105)	-	(998)
Business loss	(26,936)	(3,569)	-	(30,505)
Others	(65)	-	-	(65)
Net deferred tax liabilities	12,552	355	19	12,926

Note 26: OTHER CURRENT LIABILITIES

	31 March 2020	31 March 2019
Advances from customers	828	209
Statutory dues payable	651	1,951
Other payables	-	15
Total	1,479	2,175



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in ₹ Lakhs unless otherwise stated)

Note 27: REVENUE FROM OPERATIONS

	31 March 2020	31 March 2019
Sale of products		
Finished goods	2,35,645	2,58,020
Traded goods	30,494	57,931
Subsidy on manufactured fertilisers	45,026	43,298
Subsidy on traded fertilisers	3,708	16,444
Other operating revenues	197	245
Total	3,15,070	3,75,938

Note 28: OTHER INCOME

	31 March 2020	31 March 2019
Dividend income from subsidiary	164	-
Interest income	315	455
Net gain on sale of investments	140	613
Other non-operating income	776	1,366
Total	1,395	2,434

Note 29: COST OF MATERIALS CONSUMED

	31 March 2020	31 March 2019
Raw materials as at the beginning of the year	22,497	19,571
Add: Purchases during the year	1,78,045	2,22,867
Less: Raw material as at the end of the year	18,169	22,497
Total	1,82,373	2,19,941

Note 30: PURCHASE OF STOCK-IN-TRADE

	31 March 2020	31 March 2019
Purchases of stock-in-trade	23,894	66,538
Total	23,894	66,538

Note 31: CHANGES IN INVENTORIES OF STOCK-IN-TRADE AND FINISHED GOODS

	31 March 2020	31 March 2019
Opening balance		
Finished goods	28,281	15,715
Stock-in-trade	7,697	5,654
Total opening balance	35,978	21,369
Closing balance		
Finished goods	20,604	28,281
Stock-in-trade	4,823	7,697
Total closing balance	25,427	35,978
Total	10,551	(14,609)

Note 32: EMPLOYEE BENEFIT EXPENSES

	31 March 2020	31 March 2019
Salaries, wages and bonus	15,962	14,133
Contribution to provident fund & other funds	2,244	1,689
Staff welfare expenses	769	844
Total	18,975	16,666

Note 33: FINANCE COSTS

	31 March 2020	31 March 2019
Interest and finance charges #	16,903	17,428
Less: Interest capitalised	(1,042)	(1,730)
Total	15,861	15,698

Includes exchange differences to the extent considered as an adjustment to borrowing cost 40 Lakhs (31 March 2019 Rs 580 Lakhs).



Note 34: DEPRECIATION AND AMORTISATION EXPENSE

	31 March 2020	31 March 2019
Depreciation on property, plant and equipment*	12,818	11,345
Amortisation on intangible assets	5,280	6,054
Total	18,098	17,399

* Depreciation amounting to Rs 1,473 Lakhs transferred from holding company Deepak Fertilisers & Petrochemicals Corporation Ltd. as common sharing cost. (31 March 2019 Rs 1,015 Lakhs)

Note 35: OTHER EXPENSES (NET)

	31 March 2020	31 March 2019
Consumption of stores and spares	4,835	5,076
Power, fuel and water	5,295	5,212
Repairs to :		
- Building	489	748
- Plant and machinery	4,012	4,964
- Others	760	483
Rent	1,458	1,919
Insurance	948	486
Rates, taxes and duties	1,432	742
Travelling and conveyance	892	858
Legal and professional fees	2,735	4,828
Payments to auditors (note 34(a) below)	39	35
Directors' fees	17	20
Carriage outward (net)	14,804	20,385
Loss on disposal of property, plant and equipment	50	41
Commission on sales	267	493
Sales and promotion expenses	1,011	1,307
Donations	-	250
Utility services	995	770
Communication expenses	222	210
Corporate social responsibility expenditure (note 34(b) below)	5	20
Foreign exchange fluctuations loss (net)	2,505	1,029
Miscellaneous expenses	2,462	4,518
Total	45,233	54,394

Note 35(a): Details of payments to auditors

	31 March 2020	31 March 2019
Payment to auditors		
As auditor:		
Audit fee	27	27
Tax audit fee	3	3
Certification fees/Other Matters	7	2
In other capacities		
Taxation matters	1	1
Re-imbursment of expenses	1	2
Total	39	35

Note 35(b): Corporate social responsibility expenditure

	31 March 2020	31 March 2019
Contributions to Ishanya Foundation	-	20
Others	5	-
Total	5	20
Amount required to be spent as per Section 135 of the Act	67	51
<i>Amount spent during the year on</i>		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	5	20



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 36: Fair value measurements

(i) Financial instruments by category

	31 March 2020			31 March 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments at fair value	3	-	-	3	-	-
Trade receivables	-	-	1,00,668	-	-	1,12,891
Cash and cash equivalents	-	-	3,858	-	-	2,876
Other bank balances	-	-	374	-	-	154
Loans	-	-	463	-	-	74
Other financial assets						
- Security deposits	-	-	349	-	-	381
- Derivative financial assets, not designated as hedges	1,675	-	-	-	-	-
- Interest receivable	-	-	27	-	-	332
- Deposit with banks	-	-	76	-	-	76
- Others	-	-	7	-	-	103
Total financial assets	1,678	-	1,05,822	3	-	1,16,887
Financial liabilities						
Borrowings	-	-	1,24,946	-	-	1,62,358
Lease Liabilities	-	-	4,619	-	-	-
Trade payables	-	-	1,11,911	-	-	1,13,678
Other financial liabilities						
- Derivative financial liabilities, not designated as hedges	-	-	-	-	-	-
- Capital creditors	-	-	1,567	-	-	2,060
- Security deposits	-	-	5,118	-	-	4,730
- Interest accrued	-	-	597	-	-	1,427
- Embedded derivative	718	-	-	-	-	-
- Others	-	-	1,977	-	-	1,532
Total financial liabilities	718	-	2,50,735	-	-	2,85,785



(ii) Fair value hierarchy

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

The different levels have been defined as follows:

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

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

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

Financial assets and liabilities measured at fair value	31 March 2020				31 March 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL								
Equity shares	3	-	-	3	3	-	-	3
Derivatives not designated as hedges								
Foreign exchange forward contracts/options	-	1,675	-	1,675	-	-	-	-
Total financial assets	3	1,675	-	1,678	3	-	-	3
Financial liabilities								
Derivatives								
Foreign exchange forward contracts/option contracts	-	718	-	718	-	-	-	-
Total financial liabilities	-	718	-	718	-	-	-	-

There are no transfers between Level 1, Level 2 and Level 3 during the year ended 31 March 2020 and 31 March 2019

(iii) Valuation process to determine fair value

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

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



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in ₹ Lakhs unless otherwise stated)

Note 37(a): Financial risk management

Risk management framework

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

The Company, through three layers of 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 balance past due for more than 6 month (net of expected credit loss allowance), excluding receivable from group companies is Rs.503 lakhs (31 March 2019: Rs. 1,346 lakhs)

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

	31 March 2020	31 March 2019
Balance at the beginning of the year	1,195	1,167
Add: Provided during the year (net of reversal)	874	57
Less: Amount written off/reversed	391	29
Balance at the end of the year	1,678	1,195

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.



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

ii. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Exposure to liquidity risk

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

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



31 March 2019	Carrying Amount	Payable within 1 year	More than 1 year	More than 5 years	Total
Non-derivatives					
Borrowings	1,61,875	1,01,711	34,397	25,767	1,61,875
Trade payables	72,595	72,595	-	-	72,595
Interest accrued	1,427	1,427	-	-	1,427
Security deposits	4,730	4,730	-	-	4,730
Other financial liabilities	3,592	3,592	-	-	3,592
Total non-derivative liabilities	2,44,219	1,84,055	34,397	25,767	2,44,219
Derivatives financial liabilities					
Foreign exchange contract used for hedging	-	-	-	-	-
- Borrowings	483	483	-	-	483
- Trade payables	41,083	41,083	-	-	41,083
Total derivative liabilities	41,566	41,566	-	-	41,566

iii. Market risk

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

Currency risk

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

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

Exposure to currency risk

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

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

	Impact on profit after tax	
	31 March 2020	31 March 2019
USD sensitivity		
INR/USD -appreciated by 1% (31 March 2019-1%)	502	417
INR/USD -depreciated by 1% (31 March 2019-1%)	(502)	(417)
EURO sensitivity		
INR/EURO -appreciated by 1% (31 March 2019-1%)	3	-
INR/EURO -depreciated by 1% (31 March 2019-1%)	(3)	-
AED sensitivity		
INR/AED-appreciated by NIL (31 March 2019-1%)	-	42
INR/AED-depreciated by Nil (31 March 2019-1%)	-	(42)



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Interest rate risk

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

Exposure to interest rate risk

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

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

	31 March 2020	31 March 2019
Variable rate borrowings	59,783	68,022
Fixed rate borrowings	65,163	94,336
Total borrowings	1,24,946	1,62,358

(ii) Sensitivity

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

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 March 2020 would decrease / increase by Rs.299 lacs (for the year ended 31 March 2019: decrease / increase by Rs. 340 lacs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Note 38. Capital Management**(a) Risk Management**

The Company's objectives when managing capital are to:

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

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

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

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

The gearing ratios were as follows:

	31 March 2020	31 March 2019
Net debt	1,20,714	1,59,328
Total equity	2,63,259	2,61,912
Net debt to equity ratio	0.46	0.61



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 39 (a) : Names Of The Related Parties And Relationships

A. Holding Company

- 1 Deepak Fertilisers And Petrochemicals Corporation Ltd

B. Subsidiary Company

- 1 Platinum Blasting Services Pty Ltd. (PBS) (Subsidiary)
- 2 Australian Mining Explosives Pty Ltd (100% Subsidiary of PBS)
- 3 Performance Chemiserve Limited (till 2nd May 2019 known as Performance Chemiserve Private Limited)
- 4 Mahadhan Farm Technologies Private Limited (w.e.f 01st Oct'19)

C. Fellow Subsidiaries

1. Complete Mining Solution Private Limited (till 18th Nov'19 known as RungePincockMinarco India Pvt. Ltd.)
- 2 Yerroda Investments Ltd.
- 3 Deepak Mining Services Pvt.Ltd.
- 4 Deepak Nitrochem Pty.Ltd.
- 5 SCM Fertichem Ltd.
- 6 Ishanya Brand Services Limited (w.e.f 16th Mar'20, previously associate)

D. Key Management Personnel

(a) **Executive directors**

Mr. Yesnii Mehta

(b) **Non-executive directors**

Mr Sailesh Chimani Mehta
Ms Parul Sailesh Mehta
Mr Tapan Kumar Chatterjee
Mr Madhumilan Parshuram Shinde

(c) **Non-executive Independent directors**

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

(d) **Company Secretary**

Mr. Pankaj Gupta

(e) **Chief Finance Officer**

Mr Amitabh Bhargava

E. Entities Over Which Key Managerial Personnel Are Able To Exercise Significant Influence:

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

F. Relatives Of Key Management Personnel

Ms. Rajvee Mehta

G. Entities over which relatives of key management

- 1 Deepak Nitrite Ltd.
- 2 Deepak Phenolics Ltd.
- 3 Sofotel Infra Private Ltd

H. Associates Of Holding Company

- 1 Ishanya Realty Corporation Ltd.
- 2 Mumbai Modern Terminal P. Ltd
- 3 Desai Fruits Venture Private Limited (Not a associate company from 18th July 2019)



Smartchem Technologies Limited
Notes to the standalone financial statements for the year ended 31 March 2020
(All amounts in ₹ Lakhs unless otherwise stated)

Note 39 (b) Related Party transactions:

Sr. No.	Nature of Transactions	31 March 2020							31 March 2019						
		Holding Company	Subsidiaries	Associates	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant influence	Enterprises Over Which Relatives of Key Management Personnel Are Able To Exercise Significant Influence	Total	Holding Company	Subsidiaries	Associates	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant influence	Enterprises Over Which Relatives of Key Management Personnel Are Able To Exercise Significant Influence	Total
1	Sale of goods														
	Deepak Fertilisers and Petrochemicals Corporation Limited	14,564	-	-	-	-	-	14,564	20,803	-	-	-	-	-	20,803
	Deepak Nitrite Limited	-	-	-	-	-	162	162	-	-	-	-	-	69	69
	Mahadham Farm Technologies Limited*	-	1,053	-	-	-	-	1,053	-	-	-	-	1,303	-	1,303
2	Rendering of services/reimbursement of expenses														
	SCM Fertisom Limited	-	21	-	-	-	-	21	-	-	-	-	-	-	-
3	Purchase of goods and services														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(58,140)	-	-	-	-	-	(58,140)	(43,755)	-	-	-	-	-	(43,755)
	Mahadham Farm Technologies Limited*	-	(2,275)	-	-	-	-	(2,275)	-	-	-	(1,902)	-	-	(1,902)
4	Receiving of services/reimbursement of expenses														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(10,736)	-	-	-	-	-	(10,736)	(12,523)	-	-	-	-	-	(12,523)
	Platinum Blasting Services Pty Ltd	-	(98)	-	-	-	-	(98)	-	(2)	-	-	-	(2)	
	M.P. Shinde	-	-	-	(7)	-	(7)	(7)	-	-	(9)	-	-	(9)	
5	Interest on loan taken														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(98)	-	-	-	-	-	(98)	(1,013)	-	-	-	-	-	(1,013)
6	Interest on loan given														
	Mahadham Farm Technologies Limited*	-	27	-	-	-	-	27	-	-	-	-	-	-	-
7	Dividend Received														
	Platinum Blasting Services Pty Ltd	-	164	-	-	-	-	164	-	-	-	-	-	-	-
8	Remuneration (including perquisites)**														
	Mr. Yashil Mehta	-	-	-	(102)	-	(102)	-	-	-	(81)	-	-	-	(81)
	Mr. Debashish Banerjee	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)
	Mr. Mandar Velankar	-	-	-	-	-	-	-	-	-	(3)	-	-	-	(3)
	Mr. Pankaj Gupta	-	-	-	(44)	-	(44)	(44)	-	-	(40)	-	-	-	(40)
9	Loan and Advances Taken														
	Deepak Fertilisers and Petrochemicals Corporation Limited	815	-	-	-	-	-	815	25,000	-	-	-	-	-	25,000
10	Loan and Advances Given														
	Mahadham Farm Technologies Limited*	-	(700)	-	-	-	-	(700)	-	-	-	-	-	-	-
11	Loan and Advances Repaid														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(6,000)	-	-	-	-	-	(6,000)	(19,000)	-	-	-	-	-	(19,000)
12	Loan and Advances Given Received														
	Mahadham Farm Technologies Limited*	-	310	-	-	-	-	310	-	-	-	-	-	-	-
13	Equity Share Purchase														
	S.C. Mehta	-	-	-	(1382)	-	(1382)	(1382)	-	-	-	-	-	-	-
	Parul Mehta	-	-	-	(1)	-	(1)	(1)	-	-	-	-	-	-	-
14	Asset Purchase														
	Smartchem Technologies Limited	(696)	-	-	-	-	-	(696)	-	-	-	-	-	-	-
15	Amount outstanding														
	Trade payables/(Receivables)														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(15,775)	-	-	-	-	-	(15,775)	(19,045)	-	-	-	-	-	(19,045)
	Mahadham Farm Technologies Limited*	-	(254)	-	-	-	-	(254)	-	-	-	-	37	37	
	Deepak Nitrite Ltd.	-	-	-	-	-	-	-	-	-	-	-	0	0	
	Remunerations payable														
	Mr. Yashil Mehta	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Mr. Pankaj Gupta	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Trade receivables														



Smartchem Technologies Limited
 Notes to the standalone financial statements for the year ended 31 March 2020
 (All amounts in ₹ Lakhs unless otherwise stated)

Note 39 (b) Related Party transactions:

Sr. No.	Nature of Transactions	31 March 2020							31 March 2019						
		Holding Company	Subsidiaries	Associates	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant influence	Enterprises Over Which Relatives of Key Management Personnel Are Able To Exercise Significant Influence	Total	Holding Company	Subsidiaries	Associates	Key Management Personnel	Entities over which Key Management Personnel are able to exercise significant influence	Enterprises Over Which Relatives of Key Management Personnel Are Able To Exercise Significant Influence	Total
	Deepak Nitro Ltd.	-	-	-	-	-	33.00	33.00	-	-	-	-	-	-	-
	Interest Payable														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(98)	-	-	-	-	-	(98)	(912)	-	-	-	-	-	(912)
	Interest Receivable														
	Mahadhan Farm technologies Limited*	-	9	-	-	-	-	9	-	-	-	-	-	-	-
	Loan receivable														
	Mahadhan Farm technologies Limited*	-	390	-	-	-	-	390	-	-	-	-	-	-	-
	Loan repayable														
	Deepak Fertilisers and Petrochemicals Corporation Limited	(815)	-	-	-	-	-	(815)	(6,000)	-	-	-	-	-	(6,000)

All Transactions are in ordinary course and on an arm's length basis.
 Note: Figures in bracket are outflows.
 * Mahadhan Farm Technologies Private Limited (w.e.f. 01st Oct:19 subsidiary)
 * Remuneration doesn't include sitting fees paid to non-executive directors of 17 Lakhs (31 March 2019: 20 Lakhs)



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in ₹ Lakhs unless otherwise stated)

Note 40: Contingent liabilities and Commitments

Particulars	31 March 2020	31 March 2019
A. Contingent liabilities		
Claims by third parties not acknowledged as debt	5,669	3,480
Income Tax demands	21	21
Sales Tax/VAT Demands	1,928	1,850
Local Body Tax	633	598
	8,251	5,949
B. Commitments		
Related to Projects	10,811	11,435
Other capital commitment	2,038	3,914
Total	12,849	15,349

Note 41

The Department of Fertilisers (DoF), Ministry of Chemicals and Fertilisers, had withheld subsidy, due to the Company in accordance with applicable Nutrient Based Subsidy (NBS) scheme of GOI, alleging undue gain arising to the Company on account of supply of cheap domestic gas since challenged by the Company before the Honourable High Court of Bombay. Based on the directive of the Honourable Court, DoF agreed to release subsidy withheld except a sum of Rs. 310 Crores pending final decision, which has been released during the month of January 2018 against a Bank Guarantee of equal amount.

Note 42

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

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

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

Note 43

A Search and Seizure Operation was conducted by the Income Tax Department during the period from 15 November 2018 to 21 November 2018 under section 132 and 133A of the Income-tax Act, 1961. During the current year, the Company received notice under Section 153A of the Income tax Act, 1961 and had filed revised Income tax returns for Assessment Years 2013-2014 to 2018-2019 in response to the notice. The Company has also not till date received any demand notice in relation to the Search and Seizure. Management is of the view, that the outcome of the search will not have any significant impact on the provision carried in the books for the respective years and hence no additional provision is required to be recognised as at 31 March 2020.

Note 44: Leases

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

	31 March 2020	31 March 2019
Minimum Lease rental payable		
Not later than 1 year	-	1,512
Later than 1 year and not later than 5 years	-	1,052
Total	-	2,564

Note 45: DISCLOSURE REQUIRED UNDER SECTION 186(4) OF COMPANIES ACT, 2013

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

Name of the party	Rate of interest	Purpose, Due date and amount payable	31 March 2020	31 March 2019
Mahadhan Farm technologies Limited	9.37%	The loan has been granted to the subsidiary for repayment of shareholder's loan. The loan is repayable on demand	390	-



Smartchem Technologies Limited

Notes to the standalone financial statements for the year ended 31 March 2020

(All amounts in ₹ Lakhs unless otherwise stated)

Note 46: Foreign currency balances outstanding

	31 March 2020		31 March 2019	
	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs
Hedged Position*				
Creditors (in USD)	652	49,313	594	41,083
Buyers Credit (in USD)			7	483
Total	652	49,313	601	41,566
Un-hedged Position				
Creditors (in USD)	14	1,060	16	1,131
Creditors (in EURO)	1	83	-	-
Interest accrued (in EURO)	2	171	-	-
Creditors (in AED)	-	-	226	4,246
Exports (in USD)	3	210	14	971
Total	20	1,524	256	6,348

*The above transactions are hedged by following derivative contracts

Particulars	31 March 2020		31 March 2019	
	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs
Forward Contracts - USD			58	4,010
Options Contracts - USD	652	49,313	543	37,556
Total	652	49,313	601	41,566

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

Unhedged Foreign Currency exposure is as under

Particulars	31 March 2020		31 March 2019	
	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs	Amount in Foreign Currency Lakhs	Equivalent Amount in INR Lakhs
Payables - USD	14	1,060	16	1,131
Payables - EURO	3	254	-	-
Payables - AED	-	-	226	4,246
Receivables - USD	3	210	14	971
Total	20	1,524	256	6,348



Note 48: Segment Reporting

Sr No	PARTICULARS	CHEMICALS	FERTILISERS	OTHERS	COMMON	TOTAL
1	Revenue					
	a) External Sales					
	i) Manufactured	1,22,315	1,58,553	-	-	2,80,868
	Previous Year	1,48,714	1,52,849	-	-	3,01,563
	ii) Traded	-	34,202	-	-	34,202
	Previous Year	-	74,375	-	-	74,375
	b) Other operating income	-	-	1,395	-	1,395
	Previous Year	-	-	2,434	-	2,434
	c) Unallocated Corporate other income	-	-	-	-	-
	Previous Year	-	-	-	-	-
	Total Revenue	1,22,315	1,92,755	1,395	-	3,16,465
	Previous Year	1,48,714	2,27,224	2,434	-	3,78,372
2	Segment Result	31,277	3,336	-	-	34,613
	Previous Year	37,498	(3,738)	-	-	33,760
3	Unallocated Corporate expenses	-	-	-	33,133	33,133
	Previous Year	-	-	-	31,415	31,415
4	Net profit	-	-	-	-	1,480
	Previous Year	-	-	-	-	2,345
5	Other Information					
	a) Segment Assets	1,17,156	2,02,452	-	2,14,020	5,33,628
	Previous Year	90,112	2,27,536	-	2,49,084	5,66,732
	b) Segment Liabilities	54,094	1,78,578	-	37,097	2,70,369
	Previous Year	68,219	2,01,111	-	35,490	3,04,820
	c) Capital Expenditure Incurred during the year	2,474	3,266	-	-	5,740
	Previous Year	6,162	10,286	-	-	16,448
	d) Depreciation/ Amortisation	5,221	5,169	-	7,708	18,098
	Previous Year	4,995	4,228	-	8,176	17,399

Segment information

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

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

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


Note 49 Previous year's figure have been re-grouped wherever necessary to confirm to current year's grouping.

Note 50 Previous year figures are given in bracket/italics.

Note no 3 to 50 form an integral part of the financial statements

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: 30 June 2020

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

SAILESH CHIMANLAL MEHTA
MEHTA
S. C. Mehta
Chairman
DIN:00128204

YESHIL SAILESH MEHTA
MEHTA
Y. S. Mehta
Director
DIN:07866312

Place: Pune
Date: 30 June 2020

AMITABH BHARGAVA
Digitally signed by AMITABH BHARGAVA
Date: 2020.06.30 18:16:51 +05'30'

Amitabh Bhargava
CFO

PANKAJ GUPTA
Digitally signed by PANKAJ GUPTA
Date: 2020.06.30 18:03:31 +05'30'

Pankaj Gupta
Company Secretary
Membership No: F-9219

