PERFORMANCE CHEMISERVE LTD.

CIN: U24239PN2006PTC022101

ANNUAL REPORT 2022-23

NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that Seventeenth Annual General Meeting of the Members of **Performance Chemiserve Limited** will be held at a shorter notice on Wednesday, 9th August 2023 at 11.00 a.m. at the Registered Office of the Company at Sai Hira, Survey No. 93, Mundhwa, Pune - 411036 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the period ended 31st March 2023, and the Board's Report and Report of the Auditors thereon.

2. To appoint a director in place of Shri Ashok P. Shah (DIN: 00196506), who retires by rotation and being eligible, offers himself for re-appointment.

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

   "RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 {including any statutory modification(s) or re-enactment thereof} and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W), be and are hereby re-appointed as Statutory Auditors of the Company who shall hold office for the second term for a period of 5 years, from the conclusion of this Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors in consultation with the Auditors, plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

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

SPECIAL BUSINESS

4. Continuation of term of Shri S R Wadhwa - Non-executive Independent Director, on attaining the age of 75 years, and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other applicable laws, rules, regulations, etc. as may be applicable in this regard, pursuant to the recommendation of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded for continuation of holding the office of Non-Executive Independent Director by Shri S. R. Wadhwa (DIN - 00228201), despite attaining the age of 75 years and that Shri Wadhwa shall continue to hold the said office upto the expiry of his present term as Non-executive Independent Director i.e. up to 26th March 2024 on existing terms and conditions.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters or things as may be necessary, expedient or desirable for the purpose of giving effect to this resolution."

5. Continuation of term of Shri U P Jhaveri - Non-executive Independent Director, on attaining the age of 75 years, and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT, pursuant to the provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other applicable laws, rules, regulations, etc. as may be applicable in this regard, pursuant to the recommendation of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby accorded for continuation of holding the office of Non-Executive Independent Director by Shri U. P. Jhaveri (DIN - 00273898), despite attaining the age of 75 years and that Shri Jhaveri shall continue to hold the said office upto the expiry of his present term as Non-executive Independent Director i.e. up to 29th June 2024 on existing terms and conditions.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all such acts, deeds, matters or things as may be necessary, expedient or desirable for the purpose of giving effect to this resolution."

For and on behalf of the Board of Directors,

Pankaj Gupta
Company Secretary
M. No.: FCS-9219

Date: 25th July 2023
Place: Pune
Registered Office:
Sai Hira, Survey No. 93, Mundhwa, Pune 411036

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

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

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

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

5. Proxies register will be open for inspection during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the meeting. Inspection shall be allowed between 11.00 A.M. and 1.00 P.M.

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

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

8. The Record date to determine entitlement of members to attend and vote at the Annual General Meeting is 4th August 2023. A person who is not a member as on the cut-off date should treat the notice for information purpose only.

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

10. This AGM is held at a shorter notice pursuant to the consent received from not less than ninety five percent of the members entitled to vote at the meeting.

ANNEXURE TO THE NOTICE

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

Item No. 3:

The members of the Company at the Twelfth Annual General Meeting held on 13th August 2018, had approved the appointment of M/s. B. K. Khare & Co., Chartered Accountants as Statutory Auditors of the Company for the first term for a period of five years i.e. from the conclusion of Twelfth Annual General Meeting until the conclusion of the Seventeenth Annual General Meeting.

M/s. B. K. Khare & Co. will be completing their present term at the conclusion of this Annual General Meeting in terms of the said approval and section 139 and other applicable provisions, if any, of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors of the Company, on the recommendation of the Audit Committee, recommended for the approval of the Members, the re-appointment of M/s. B. K. Khare & Co., Chartered Accountants, as the Statutory Auditors of the Company for the second term for a period of 5 years, from the conclusion of this Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company.

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

Considering the above, the Board and Audit Committee are of the view that continuance of M/s. B. K. Khare & Co., Chartered Accountants as Auditors of the Company will be beneficial to the Company, shareholders and other stakeholders as well, therefore recommends their appointment as the Statutory Auditors of the Company for further period of 5 years from the conclusion of the ensuing Annual General Meeting until the conclusion of Annual General Meeting to be held in the year 2028 i.e. the 22nd Annual General Meeting.

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

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

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

Item No. 4:

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), no listed company shall appoint or continue the directorship of a Non-Executive Director who has attained the age of 75 years, unless a Special Resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

The Members of the Company at their Annual General Meeting held on 2nd August 2022 had granted approval for re-appointment of Shri S. R. Wadhwa (DIN - 00228201), as Non-Executive, Independent Director of the Company for a second term upto 26th March 2024.

As on date, the age of Shri Wadhwa is 87 years. Accordingly, pursuant to the provisions of Regulation 17(1A) of SEBI Listing Regulations, 2015, the approval of shareholders will be required for continuation of office of Independent Director.

Shri Wadhwa is an MA, LLM, CAIIB by qualification and has rich background in the field of finance / tax.

Shri Wadhwa a former Chief Commissioner of Income-Tax, Chairman Income-Tax Settlement Commission as well as Director, CBDT Ministry of Finance, Govt of India.

Shri Wadhwa is presently a Tax Management Consultant and a senior Advocate practicing in taxation in Delhi largely in the Income Tax Settlement Commission, Income Tax Appellate Tribunal and Delhi High Court.

The Nomination and Remuneration Committee and the Board of Directors of the Company have recommended to the members the continuation of Shri Wadhwa as "Non-executive Independent Director" of the Company, considering his rich experience, expertise and valuable contribution made to the Board of Directors of the Company.

Shri Wadhwa has been a Director of our Company since 27th March 2018.

The Members are, therefore, requested to grant their approval by way of passing a Special Resolution for the continuation of directorship of Shri Wadhwa as Non-executive Independent Director of the Company up to 26th March 2024.

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

Item No. 5:

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), no listed company shall appoint or continue the directorship of a Non-Executive Director who has attained the age of 75 years, unless a Special Resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

The Members of the Company at their Annual General Meeting held on 2nd August 2022 had granted approval for re-appointment of Shri U. P. Jhaveri (DIN - 00273898), as Non-Executive, Independent Director of the Company for a second term up to 29th June 2024.

As on date, the age of Shri Jhaveri is 77 years. Accordingly, pursuant to the provisions of Regulation 17(1A) of SEBI Listing Regulations, 2015, the approval of shareholders will be required for continuation of office of Independent Director.

Shri. Jhaveri is a Chemical Engineer. Shri Jhaveri has experience of around 5 decades, *inter alia,* includes Project Management, Plant Operation, Troubleshooting, Reliability and Productivity Improvement etc. in Two of the prestigious Fertilizer & Petrochemicals manufacturing companies in India viz. Gujarat State Fertilizer Co. Ltd. (GSFC-1969 to 1977) and Gujarat Narmada Valley Fertilizer Co. Ltd. (GNFC – 1977 to 1996) and a leading precious metal processing unit i.e. Parekh Platinum (1996 to 1999).

EXPERTISE & KNOWLEDGE

- Plant Operations & Optimization
- Plant Reliability and Performance Improvements
- Pre-commissioning and Commissioning
- Project Management and Implementation

The Nomination and Remuneration Committee and the Board of Directors of the Company have recommended to the members the continuation of Shri Jhaveri, as "Non-executive Independent Director" of the Company, considering his rich experience, expertise and valuable contribution made to the Board of Directors of the Company.

Shri Jhaveri has been a Director of our Company since 30th June 2017.

The Members are, therefore, requested to grant their approval by way of passing a Special Resolution for the continuation of directorship of Shri Jhaveri as Non-Executive Independent Director of the Company up to 29th June 2024.

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

For and on behalf of the Board of Directors,

Pankaj Gupta
Company Secretary
M. No.: FCS-9219

Date: 25th July 2023
Place: Pune
Registered Office:
Sai Hira, Survey No. 93,
Mundhwa, Pune 411036

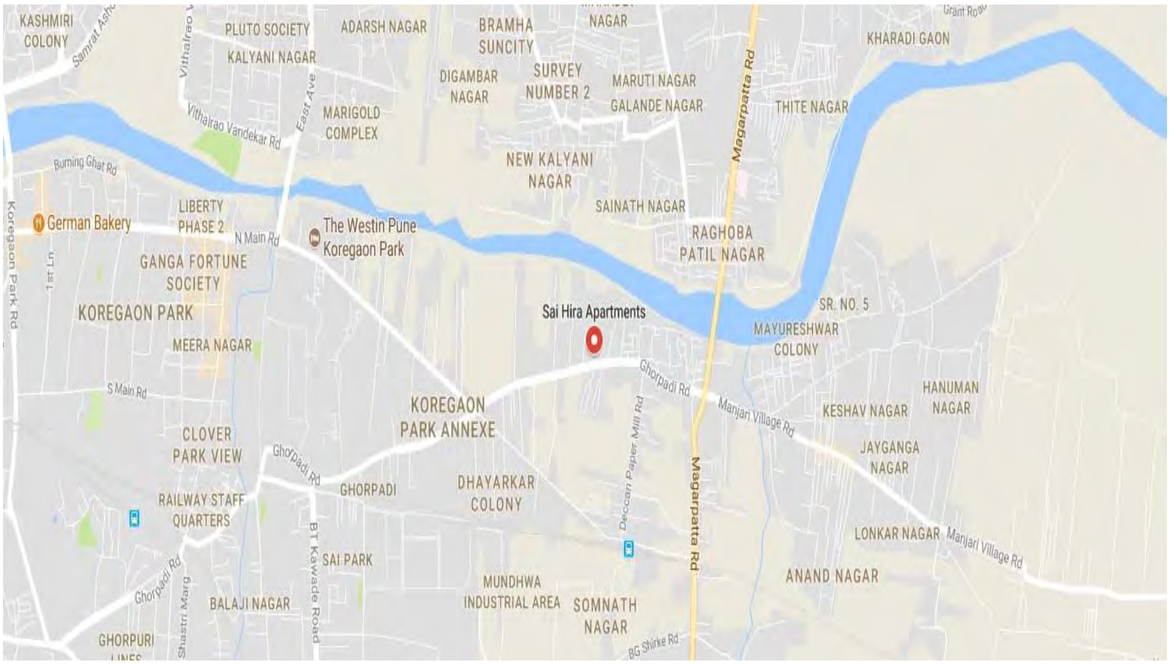
Details of Directors in pursuance to the relevant provisions of Secretarial Standards – 2:

Name of the Director	Shri S R Wadhwa	Shri U P Jhaveri	Shri Ashok P. Shah
DIN	00228201	00273898	00196506
Date of Birth	27.07.1935	15.04.1946	30.07.1956
Age	88 Years	77 Years	67 Years
Qualification	MA, LLM, CAIIB	Chemical Engineer	Chartered Accountant
Date of Appointment	27.03.2018	30.06.2017	01.03.2006
Expertise	Tax Matters	Project Management, Plant Operation	Finance & Accounts
Experience	More than 5 decades	More than 5 decades	More than 4 decades
Major Directorships	Goblin Finance Private Limited	-	➢ Nova Synthetics Limited (NSL) ➢ Robust Marketing Services Private Limited (RMSPL) ➢ Pristine Property Management Private Limited (PPMPL)
Membership / Chairmanship of the Committees in other Companies	-	-	-
Shareholding in the Company as on appointed date	-	-	-
Relationship with other directors, manager and other KMPs	-	-	-
Terms and Conditions of Appointment	As mentioned in the respective Explanatory statement	As mentioned in the respective Explanatory statement	Appointment as Non-executive Director pursuant to the provisions of Companies Act 2013.
Remuneration	Only sitting fee	Only sitting fee	Only sitting fee
Number of Board Meetings attended during the FY 2022-23	5	5	5

AGM VENUE

Sai Hira, Survey No. 93, Mundhwa, Pune- 411036,

Maharashtra, India



BOARD'S REPORT

TO THE MEMBERS,

The Board of Directors has the pleasure in presenting the Seventeenth Annual Report together with Audited Accounts of the Company for Financial Year ended 31st March 2023.

1. FINANCIAL RESULTS

The summarised financial results for the year are as under:

(Rs. in Lakhs)

Particulars	**2022-23**	**2021-22**
Total Income	1,543	1011
Profit Before Tax	836	736
Less-:		
Tax Expenses	215	188
Net Profit After Tax	621	548
Add: Balance brought forward from previous year	3793	3245
Amount Available for Appropriation	621	548
Less: Transferred to General Reserve	-	-
Profit carried to Balance Sheet	4414	3793

2. STATE OF THE COMPANY'S AFFAIRS

(A) DRUMMING BUSINESS

The Company continued drum filling activities during the year under review. The Company has drummed 15,480 MT chemicals during financial year 2022-23 as compared to 16,238 MT drummed during financial year 2021-22. Volumes during this financial year 2022-23 were lower by approx. 5% compared to volumes during previous financial year. During the year under review the Company has registered Income from Operations of Rs. 704 Lakhs in comparison to Rs. 470 Lakhs in the previous financial year 2021-22. Total Income during the financial year 2022-23 had been Rs. 1543 Lakhs in comparison to Rs. 1011 Lakhs in the previous financial year 2021-22. Other income during the financial year 2022-23 increased to Rs. 839 Lakhs from Rs. 541 Lakhs in the previous financial year 2021-2 mainly on account of return on investment of surplus equity fund. Profit after tax during the financial year 2022-23 had been Rs. 621 Lakhs in comparison to Rs. 548 Lakhs in the previous financial year 2021-22.

(B) AMMONIA PROJECT

The Company is setting-up Ammonia Project of 1500 MTPD capacity at MIDC Taloja. The Company has acquired approx. 44 Acres Land. 42.7 acres is the contiguous land on which the current plant is built.

The Company has engaged Toyo India as Engineering, Procurement & Construction (EPC) Contractor and Kellog Brown and Root (KBR), USA, as Process Licensor.

The Company has received all the major statutory approvals for the Ammonia Project. The procurement agreements for major raw materials are expected to be finalised before the commencement of commercial production.

The Project is progressing as per schedule and ammonia production is expected in June/July 2023.

The Ammonia Project of the Company has been awarded the Gold Award by the prestigious "Royal Society for the Prevention of Accident (RoSPA)" for its outstanding health and safety performance during the period 1st January 2022 to 31st December 2022. The Ammonia Project won the award after several rounds of strict reviews for the RoSPA Health and Safety Award 2022.

3. DIVIDEND

With a view to conserve resources for growth, the directors do not recommend any dividend for the year under review.

4. SHARE CAPITAL

The Company was in need of funds for the proposed Ammonia Project. Accordingly, during the year under review, on 20th July 2022, the Company had issued 28,258 equity shares of face value of Rs. 10/- each at a premium of Rs. 1,06,158/- on Rights Issue basis, which was subscribed by one of the members of the Company i.e. Smartchem Technologies Limited and the Company was accordingly able to raise approx. Rs. 300 Crores.

In view of the above, the paid-up share capital of the Company stands at Rs. 19,15,090/- as of the date of this report.

The Company has not issued shares with differential voting rights or sweat equity shares, nor has it granted any stock options.

5. BOARD OF DIRECTORS

The composition and Category of Directors as on 31st March 2023 is as under:

Sr. No.	Name of Director	Category
1.	Shri Sailesh C. Mehta	Non - Executive Chairman

2.	Smt. Parul S. Mehta	Non - Executive Director
3.	Shri A. P. Shah	Non - Executive Director
4.	Shri M. P. Shinde	Non - Executive Director
5.	Shri U. P. Jhaveri	Non - Executive Independent Director
6.	Shri Sewak Ram Wadhwa	Non - Executive Independent Director
7.	Shri R. Sriraman	Non - Executive Independent Director
8.	Shri Partha Bhattacharyya	Non-Executive Independent Director

6. NO. OF BOARD MEETINGS HELD AND ATTENDANCE OF DIRECTORS

During the year under review, five Board Meetings were held. These meetings were held on 24th May 2022, 28th July 2022, 9th November 2022, 1st February 2023 and 23rd March 2023.

The records of attendance of Directors are as under:

Sr. No.	Name of Director	No. of Board Meetings Attended
1.	Shri Sailesh C. Mehta	5
2.	Smt. Parul S. Mehta	5
3.	Shri Ashok P. Shah	5
4.	Shri M. P. Shinde	5
5.	Shri U. P. Jhaveri	5
6.	Shri S. R. Wadhwa	5
7.	Shri R. Sriraman	5
8.	Shri Partha Bhattacharyya	4

7. DIRECTOR RETIRING BY ROTATION

Shri Ashok P. Shah (DIN: 00196506) retires by rotation at the ensuing Annual General

Meeting and being eligible, offers himself for re-appointment pursuant to the provisions of Section 152 of Companies Act, 2013.

8. DECLARATIONS FROM INDEPENDENT DIRECTORS

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

9. COMMITTEES OF BOARD OF DIRECTORS

(i) AUDIT COMMITTEE

The Audit Committee is having following members:

(a) Shri S R Wadhwa - Chairman
(b) Shri U P Jhaveri – Member
(c) Shri Ashok P Shah - Member

The terms of reference of the Audit Committee are in conformity with the provisions of Section 177 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

During the year under review, seven Audit Committee Meetings were held on 24th May 2022, 8th July 2022, 28th July 2022, 9th November 2022, 3rd January 2023, 1st February 2023 and 23rd March 2023.

The records of attendance of Members of Audit Committee are as under:

Sr. No.	Name of Member	No. of Committee Meetings Attended
1.	Shri S. R. Wadhwa	7
2.	Shri U. P. Jhaveri	7
3.	Shri Ashok P Shah	7

(ii) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is having following members:

(a) Shri S R Wadhwa - Chairman
(b) Shri U P Jhaveri – Member
(c) Shri Ashok P Shah – Member

The terms of reference of the Nomination and Remuneration Committee are in conformity with the provisions of the Companies Act, 2013 and Rules made thereunder.

During the year under review, one meeting of the Nomination and Remuneration Committee was held on 23rd May 2022. All the Committee members were present at the meeting.

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

The Nomination and Remuneration Policy of the Company is available on the website of the Company i.e. www.pclindia.co.in

(iii) ALLOTMENT COMMITTEE

The Company has an Allotment Committee having following members:

(a) Shri R. Sriraman - Chairman
(b) Shri Ashok P Shah – Member
(c) Shri M P Shinde – Member *

* Shri M P Shinde inducted as member of the Committee w.e.f. 28th July 2022.

During the year under review, two meetings of the Allotment Committee were held. These meetings were held on 11th July 2022 and 20th July 2022. Both the meetings were attended by Shri R Sriraman and Shri Ashok P Shah.

10. PERFORMANCE EVALUATION OF BOARD, COMMITTEES, DIRECTORS AND CHAIRPERSON

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation of the Chairperson, Individual Directors, Board as well as its Committees for FY 2022-23. The Board at its Meeting held on 16th May 2023 reviewed the reports on performance assessment of the Board, its Committees, individual directors and the Chairpersons and found them to be satisfactory.

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

11. MEETING OF INDEPENDENT DIRECTORS

The Independent Directors met on 15th May 2023, *inter-alia*, to discuss following:

(i) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

(ii) Review the performance of non-independent directors and the Board as a whole.

(iii) Review the performance of the Chairperson of the Company, taking into account the views of the directors.

All the Independent Directors were present at the Meeting.

12. CHANGES IN KEY MANAGERIAL PERSONNEL (KMP)

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

13. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) the accounting policies had been applied consistently and made judgments and estimatesthat are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year on 31st March 2023 and of the profit and loss of the Company for that period.

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

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

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

14. Corporate Social Responsibility (CSR)

The Board of Directors of the Company has approved a comprehensive CSR Policy as per the provisions of section 135 and other applicable provisions of Companies Act 2013 and Rules made thereunder. The CSR policy as also the CSR Projects as approved by the Board of Directors are available on the website of the Company at www.pclindia.co.in

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

15. STATUTORY AUDITORS AND THEIR REPORT

The Members of the Company at the 12th Annual General Meeting held on 13th August 2018 has accorded their consent to appoint M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W), as Statutory Auditors of the Company for a period of five years from the conclusion of 12th Annual General Meeting until the conclusion of 17th Annual General Meeting of the Company.

The Board of Directors at its meeting held on 16th May 2023, based on the recommendation of the Audit Committee, has approved and recommended for the approval of the Shareholders of the Company, the re-appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) as the statutory auditors of the Company for the second term for a period of 5 years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 22nd Annual General Meeting.

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

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

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

17. SECRETARIAL AUDIT REPORT AND SECRETARIAL AUDITOR

The Board of Directors had appointed M/s. Jog Limaye & Associates, Company Secretaries, as the Secretarial Auditors for conducting Secretarial Audit of the Company for the financial year 2022-23 at their meeting held on 24th May 2022, pursuant to the provisions of section 204 and other applicable provisions, if any, of Companies Act 2013 and Rules made thereunder.

The Secretarial Auditor, M/s. Jog Limaye & Associates, Company Secretaries, has issued the Secretarial Audit Report for the financial year 2022-23 pursuant to the provisions of section 204 of the Companies Act, 2013, which is annexed to this Board's Report (Annexure-III).

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

The Board of Directors has appointed M/s. Jog Limaye & Associates, Company Secretaries, as the Secretarial Auditors of the Company for the financial year 2023-24 at their meeting held on 16th May 2023.

18. INTERNAL AUDITOR

M/s. PKF Sridhar & Santhanam LLP are the internal auditors of the Company in compliance with the provisions of section 138 and other applicable provisions of the Companies Act, 2013 and rules made thereunder.

19. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

20. SUBSIDIARY, ASSOCIATE COMPANY AND JOINT VENTURE COMPANY

There is no Subsidiary, Associate Company and Joint Venture Company of the Company

21. PARTICULARS OF LOAN, GUARANTEE AND INVESTMENTS

Details of Investment and Loans advanced by the Company, if any, have been given in Notes to the Financial Statement**.**

The Company has not given any guarantee pursuant to the provisions of section 186 of the Companies Act, 2013.

22. ANNUAL RETURN

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

23. RELATED PARTY TRANSACTIONS

The Company has entered into contract / arrangement with related parties in the ordinary course of business and on an arm's length basis. Thus, provisions of section 188(1) of the Companies Act, 2013 are not applicable.

24. PUBLIC DEPOSITS

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

25. MATERIAL CHANGES AND COMMITMENTS

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

26. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS ORCOURTS

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

27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGNEXCHANGE EARNINGS AND OUTGO

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

28. INDUSTRIAL RELATION

Industrial Relations during the year under review continued to be cordial.

29. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

During the year under review, there was no employee who was covered under section 197 of the Companies Act, 2013 and the Rules made thereunder.

30. RISK MANAGEMENT

The Company has put in place an adequate and effective risk reporting system. In the opinion of the Board, there are no residual risks which would threaten the existence of the Company.

The Ultimate Holding Company i.e. Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) has framed a Risk Management Policy with an intention to systematically identify, evaluate, mitigate and monitor risks in the Company and its subsidiaries / associates.

Through the Risk Management Policy of DFPCL, the Company has put in place an adequate and effective risk reporting system.

31. ACKNOWLEDGEMENT

The directors wish to place on record their sincere appreciation to the Governmental authorities and other stakeholders for their continued support during the year.

For and on behalf of the Board of Directors,

Sailesh C. Mehta
Chairman
DIN: 00128204
Place: Pune
Date: 16th May 2023

Annexure-I

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL ENDED 31ST MARCH 2023

1. Brief outline on CSR Policy of the Company:

Performance Chemiserve Limited ("PCL" or "the Company"), is committed to serve the society it operates in. The Company conducts several outreach programmes around its Establishment.

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

a) Women empowerment through vocational training (skill development) and livelihood Programmes
b) Health and
c) Education.

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

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

2. Composition of CSR Committee:

Pursuant to the provisions of section 135 and other applicable provisions, if any, of the Companies Act 2013 and Rules made there under, the Company is not required to constitute the CSR Committee.

3. The details of CSR Policy and CSR projects approved by the board are disclosed on the website of the Company, the web-links of the same are as provided below:

   www.pclindia.co.in

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

5. (a) Average net profit of the Company as per Section 135(5): **Rs. 200 Lakhs**
   (b) Two percent of average net profit of the Company as per Section 135(5): **Rs. 4 Lakhs**
   (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
   (d) Amount required to be set off for the financial year, if any: Nil
   (e) Total CSR obligation for the financial year (5b+5c-5d): **Rs. 4 Lakhs**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 4 Lakhs.
   (b) Amount spent in Administrative Overheads: Nil
   (c) Amount spent on Impact Assessment, if applicable: Nil
   (d) Total amount spent for the Financial Year (6a+6b+6c): Rs. 4 Lakhs
   (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (Rs. in Lakhs)	Amount Unspent (Rs. in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5).		
	Amount (Rs. in Lakhs)	Date of transfer	Name of the Fund	Amount (Rs. in Lakhs)	Date of transfer
4	N.A.	N.A.	N.A.	N.A.	N.A.

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

Sl. No.	Particular	Amount (Rs. In Lakhs)
(i)	Two percent of average net profit of the company as per Section 135(5)	4
(ii)	Total amount spent for the Financial Year	4
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub section (6) of section 135 (Rs. in Lakhs)	Balance Amount in Unspent CSR Account under sub section (6) of section 135 (Rs. in Lakhs)	Amount spent in the Financial Year (Rs. in Lakhs)
(i)	(ii)	(iii)	(iv)	(v)
NIL				

Amount transferred to a fund specified under Schedule VII as per second proviso to sub section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (Rs. in Lakhs)	Deficiency, if any
(vi)		(vii)	(viii)
Amount (Rs. in Lakhs)	Date of transfer.		
NIL			

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

☐ YES NO ☑ √

If yes, enter the number of Capital assets created/ acquired ☐

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	PIN Code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not applicable							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135: Not applicable

Sailesh C Mehta	M. P. Shinde
Chairman	Director

16th May 2023

* * * * * * * * *

Annexure – II

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

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

A. CONSERVATION OF ENERGY

a. The steps taken or impact on conservation of energy -

The Company is committed towards energy conservation and Ammonia Plant's design and engineering has taken into consideration the energy conservation features resulting in one of the most modern ammonia plant technology coming up with lowest energy consumption.

b. the steps taken by the Company for utilising alternate sources of energy - Refer (a) above.

c. the capital investment on energy conservation equipments – Refer (a) above

B. TECHNOLOGY ABSORPTION

1. Efforts in brief, made towards Technology Absorption, Adaptation and Innovation - Refer A (a) above

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. – Production is yet to be started.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished – N. A.

4. The expenditure incurred on Research & Development – Refer A (a) above.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no Foreign Exchange Earnings. The total Foreign Currency Expenditure during the year under review was Rs. 4045.27 Lakhs. The details of the same are as under:

Particulars	**Amount in Lakhs**
Advance for Capital Assets/Capital Assets	4,045.27
Consultancy and Professional Fees	-
License Fees	-
Repairs and Maintenance	-
Total Foreign Exchange outgo	**4,045.27**

For and on behalf of the Board of Directors,

Sailesh C. Mehta
Chairman
DIN: 00128204
Place: Pune
Date: 16th May 2023

Annexure III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2023

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

To,

The Members,

PERFORMANCE CHEMISERVE LIMITED

Sai Hira, Survey No.93, Mundhwa,

Pune-411036, Maharashtra, India

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 **("Audit Period")** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of the Companies Act, 2013 (the Act) amended from time to time and the Rules, Notifications and Circulars issued thereunder (in so far as they are made applicable).

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

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

We further report that:

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

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

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

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

We further report that

At the Annual General Meeting of the Company held on 2nd August 2022, following business were transacted:

(1) The Shareholders passed an Ordinary Resolution to receive, consider and adopt audited financial statements of the Financial Year ended 31st March 2022, and the Board's Report and Auditor's Report thereon.

(2) The Shareholders passed an Ordinary Resolution to appoint a Director in place of Shri Shailesh C Mehta (DIN: 00128204), who retires by rotation and being eligible, offers himself for re-appointment.

(3) The Shareholders passed a Special Resolution to re-appoint Shri U. P. Jhaveri (DIN 00273898), as an Independent Director of the Company.

(4) The Shareholders passed a Special Resolution to re-appoint Shri S. R. Wadhwa (DIN 00228201), as an Independent Director of the Company.

(5) The Shareholders passed a Special Resolution to re-appoint Shri R Sriraman (DIN 00228061), as an Independent Director of the Company.

For Jog Limaye & Associates
Company Secretaries

Mandar Shrikrishna Jog
Partner
M. No. F9552
CP No. – 9798
UDIN: F009552E000278601
PR- 738/2020

Place - Pune
Date – 09/05/2023

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

Jog Limaye & Associates
Practicing Company Secretaries

'ANNEXURE A'

To,

The Members,
Performance Chemiserve Limited
Sai Hira, Survey No.93,
Mundhwa, Pune 411036

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Jog Limaye & Associates
Company Secretaries

Mandar Shrikrishna Jog
Partner
M. No. F9552
CP No. – 9798
UDIN: F009552E000278601
PR- 738/2020
Place – Pune
Date: 09/05/2023

B. K. Khare & Co.
Chartered Accountants

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

INDEPENDENT AUDITORS' REPORT

To the members of Performance Chemiserve Limited

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **Performance Chemiserve Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit and total comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

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

B.K. KHARE & CO. Chartered Accountants

Impairment of Assets	
The Company has significant Capital Work-in-Progress relating to the Ammonia Project. As the amount is significant, an assessment of carrying value of assets of Ammonia Project is required.	Our audit approach and procedures included: • Evaluated the reasonableness of management's conclusions on key assumptions, including forecast cash flows focusing on revenues and earnings, assessing the appropriateness of discount rates, historical and budgetary Financial Information, current market conditions and growth rates. • Assessed the reliability of management's forecast, whilst considering the risk of management bias. • Evaluated the appropriateness of impairment model prepared by the management.

Information other than the Financial Statements and Auditors' Report thereon

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

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

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

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

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India.

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

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

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

B.K. KHARE & CO. Chartered Accountants

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

We also:

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

B.K. KHARE & CO. Chartered Accountants

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.

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

   (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

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

   (g) The Company has not paid/provided any remuneration to managerial personnel as defined in the Act. Accordingly, the provisions of Section 197 of the Act related to the managerial remuneration are not applicable to the Company.

B.K. KHARE & CO. Chartered Accountants

(h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 33(a) to the Financial Statements;

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

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

(iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (a) and (b) contain any material misstatement;

(v) The Company has not declared /paid/declared and paid any dividend during the year; and

(vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 relating to audit trail feature of the Company's accounting software is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under Clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

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

Hgoradia

B.K. KHARE & CO. Chartered Accountants

Himanshu Goradia
Partner
Membership No. 045668
UDIN: 23045668BGXTNH5694
Place: Mumbai
Date: May 16, 2023

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

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

We have audited the internal financial controls with reference to financial statements of **Performance Chemiserve Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

B.K. KHARE & CO. Chartered Accountants

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

KHARE & CO. Chartered Accountants

Himanshu Goradia
Partner
Membership No. 045668
UDIN: 23045668BGXTNH5694
Place: Mumbai
Date: May 16, 2023

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

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

   (B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.

   (b) The Company has a regular programme of physical verification of its property, plant and equipment by which the property, plant and equipment are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with the programme, the Company has not physically verified property, plant and equipment during the year.

   (c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

   (d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

   (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2. (a) The Company does not hold any inventory. Accordingly, the reporting under Clause 3(ii)(a) of the Order is not applicable to the Company.

   (b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year.

3. According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

4. According to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, the reporting under Clause 3(iv) of the Order is not applicable to the Company.

B.K. KHARE & CO. Chartered Accountants

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

6. The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act. Accordingly, the reporting under Clause 3(vi) of the Order is not applicable to the Company.

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

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

   (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no statutory dues in respect of Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at March 31, 2023, which have not been deposited with the appropriate authorities on account of any dispute. The statutory dues in respect of Income-tax and Goods and Services Tax as at March 31, 2023, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the statute	Nature of the dues	Amount Rs. lakhs*	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income-tax	62.45	Assessment Year 2018-2019	Commissioner of Income Tax (Appeals)
The Goods and Services Tax Act, 2017	Goods and Services Tax	15.01	Financial Year 2017-2018	Deputy Commissioner – Central Tax

*Net of amounts paid including under protest

8. According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.

B.K. KHARE & CO. Chartered Accountants

9. (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

   (b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.

   (c) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

   (d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long- term purposes as at the Balance Sheet date.

   (e) The Company does not have any subsidiaries, joint ventures or associates. Accordingly, the reporting under Clauses 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

10. (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.

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

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

    (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.

    (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

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

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

B.K. KHARE & CO. Chartered Accountants

14. (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

    (b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.

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

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

    (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.

    (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clause 3(xvi)(c) of the Order is not applicable to the Company.

    (d) Based on the information and explanations given to us, we report that the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has no Core Investment Companies.

17. In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company

18. There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.

19. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

20. (a) According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.

B. K. KHARE & CO. Chartered Accountants

(b) According to the information and explanations given to us, there are no ongoing projects relating to corporate social responsibility. Accordingly, the reporting under Clause 3(xx)(b) of the Order is not applicable to the Company.

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

Himanshu Goradia
Partner
Membership No. 045668
UDIN: 23045668BGXTNH5694
Place: Mumbai
Date: May 16, 2023

Performance Chemiserve Limited
Balance Sheet as at 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2023	31 March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,342	2,324
Right of use assets	4	18,358	18,756
Capital work-in-progress	5	2,96,105	1,93,897
Intangible assets	6	16	28
Financial assets			
i. Other financial assets	13	2,855	2,276
Deferred tax assets (net)	7	130	31
Income tax assets (net)		35	50
Other non-current assets	8	46,896	30,762
Total non-current assets		**3,66,737**	**2,48,124**
Current assets			
Financial assets			
i. Investments	9	880	3,590
ii. Trade receivables	10	372	108
iii. Cash and cash equivalents	11	5,591	5,029
iv. Bank balances other than (iii) above	12	3,480	11,320
v. Other financial assets	13	1,392	1,298
vi. Other current assets	14	-	-
Total current assets		**11,715**	**21,345**
Total assets		**3,78,452**	**2,69,469**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	19	17
Other equity	16	1,73,186	1,41,908
Total equity		**1,73,205**	**1,41,925**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
i. Borrowings	17	1,93,758	1,11,396
ii. Inter-corporate deposit	18	3,024	-
Total non-current liabilities		**1,96,782**	**1,11,396**
Current liabilities			
Financial liabilities			
i. Trade payables	19		
(a) total outstanding dues of micro and small enterprises		10	98
(b) total outstanding dues of creditors other than micro and small enterprises		13	155
ii. Other financial liabilities	20	8,211	15,473
Other current liabilities	21	231	422
Total current liabilities		**8,465**	**16,148**
Total liabilities		**2,05,247**	**1,27,544**
Total equity and liabilities		**3,78,452**	**2,69,469**

The accompanying notes form an integral part of the financial statements 1 - 38

As per our report of even date attached

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

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 16 May 2023

B.K. KHARE & CO. Chartered Accountants

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

S. C. Mehta
Chairman
DIN:00128204

Upendra Patro
Chief Financial Officer

Ashok Shah
Director
DIN:00196506

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 16 May 2023

Performance Chemiserve Limited

Statement of Profit and Loss for the year ended 31 March 2023

(All Amounts in ₹ Lakhs unless otherwise stated)

	Notes	31 March 2023	31 March 2022
Revenue from operations	22	704	470
Other income	23	839	541
Total income		**1,543**	**1,011**
Expenses			
Purchases of stock-in-trade	24	251	-
Employee benefits expense	25	31	27
Finance costs	26	1	2
Depreciation and amortisation expenses	27	13	8
Other expenses	28	411	238
Total expenses		**707**	**275**
Profit before tax		**836**	**736**
Tax expense			
- Current tax		314	276
- Deferred tax		(99)	(88)
Total tax expense	35	**215**	**188**
Profit for the year		**621**	**548**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**621**	**548**
Earning per Equity Share: Face value Rs. 10 each	36		
(i) Basic (in Rs.)		339.17	410.18
(ii) Diluted (in Rs.)		339.17	410.18

The accompanying notes form an integral part of the financial statements 1 - 38

As per our report of even date attached

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

B.K. KHARE & CO. Chartered Accountants

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 16 May 2023

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

S. C. Mehta
Chairman
DIN:00128204

Ashok Shah
Director
DIN:00196506

Place: Pune
Date: 16 May 2023

Upendra Patro
Chief Financial Officer

Pankaj Gupta
Company Secretary
Membership No: F-9219

Performance Chemiserve Limited

Statement of Cash Flows for the year ended 31 March 2023

(All Amounts in ₹ Lakhs unless otherwise stated)

	31 March 2023	31 March 2022
Cash flow from operating activities		
Profit before tax	836	736
Adjustments for -		
Depreciation and amortisation expense	13	8
Net gain on sale of investments	(577)	(315)
Finance costs	1	2
Interest income	(262)	(226)
Unrealised foreign exchange differences	285	165
Cash generated from operations before working capital changes		
Change in trade receivables	(264)	121
Change in trade payables	(230)	12
Change in other financial liabilities	6	9
Change in other financial assets	(129)	(731)
Change in other current liabilities	(191)	359
Cash generated from operations	**(512)**	**140**
Income taxes paid	(296)	(242)
Net cash used in operating activities	**(808)**	**(102)**
Cash flow from investing activities		
Purchases of property, plant and equipment, intangible assets and capital work-in-progress	(1,08,915)	(64,340)
Purchases of investments	(50,254)	(58,980)
Proceeds from sale of investments	53,540	56,191
Fixed deposits placed	(5,038)	(11,270)
Fixed deposits matured	12,823	940
Interest received	235	177
Net cash used in investing activities	**(97,609)**	**(77,282)**
Cash flow from financing activities		
Proceeds from issues of shares	30,001	69,999
Proceeds from borrowings - non current	82,362	24,487
Proceeds from Inter-corporate Deposit (net)	3,000	-
Share issue costs	(2)	(4)
Interest paid	(16,382)	(14,917)
Net cash from financing activities	**98,979**	**79,565**
Net increase in cash and cash equivalents	562	2,181
Cash and cash equivalents at the beginning of the year	5,029	2,848
Cash and cash equivalents at the end of the year	**5,591**	**5,029**

The accompanying notes form an integral part of the financial statements.

The above statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, "Statement of Cash Flows".

As per our report of even date attached

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

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

B.K. KHARE & CO. Chartered Accountants

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 16 May 2023

S. C. Mehta
Chairman
DIN:00128204

Upendra Patro
Chief Financial Officer

Ashok Shah
Director
DIN:00196506

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 16 May 2023

Performance Chemiserve Limited

Statement of Changes in Equity for the year ended 31 March 2023

(All Amounts in ₹ Lakhs unless otherwise stated)

A. Equity Share Capital

	31 March 2023	31 March 2022
Balance at the beginning of the year	17	10
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	17	10
Changes in equity share capital during year	2	7
Balance at the end of the year	19	17

B. Other Equity

	Reserves and surplus				Total
	Securities premium	Retained earnings	General reserve	Fair value of financial guarantee	
Balance as at 1 April 2021	64,370	3,245	147	2,207	69,969
Profit for the year	-	548	-	-	548
Total comprehensive income for the year	-	548	-	-	548
Securities premium on share issue	69,993	-	-	-	69,993
Share issue costs	(4)	-	-	-	(4)
Fair value of financial guarantee*	-	-	-	1,402	1,402
Balance as at 31 March 2022	1,34,359	3,793	147	3,609	1,41,908
Profit for the year		621			621
Total comprehensive income for the year	-	621	-	-	621
Securities premium on share issue	29,999	-	-	-	29,999
Share issue costs	(2)	-	-	-	(2)
Fair value of financial guarantee*	-		-	660	660
Balance as at 31 March 2023	1,64,356	4,414	147	4,269	1,73,186

Notes: *(1) Equity component of the Guarantee issued by holding company and ultimate holding company accounted for on fair value basis.
(2) Refer Note 16 for nature and purpose of other equity.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 16 May 2023

B.K. KHARE & CO. Chartered Accountants

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

S. C. Mehta
Chairman
DIN:00128204

Ashok Shah
Director
DIN:00196506

Place: Pune
Date: 16 May 2023

Upendra Patro
Chief Financial Officer

Pankaj Gupta
Company Secretary
Membership No: F-9219

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation:

i. Compliance with Ind AS

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

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

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

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

An asset is treated as current when:

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

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

B.K. KHARE & CO. Chartered Accountants

ii. Historical cost convention

a) The Financial Statements have been prepared on historical cost basis, except the following:
- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- Assets held for sale – measured at fair value less cost to sell; Defined benefit plans – plan assets measured at fair value; and

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

(b) Significant accounting estimates, assumptions and judgements.

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

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

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

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

Taxes

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

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

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 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.

B.K. KHARE & CO. Chartered Accountants

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, 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.

Litigations

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing their fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

Impairment of financial assets

The Company assesses impairment based on the expected credit loss ("ECL") model on trade receivables. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment of non-financial assets

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

(c) Revenue recognition

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

B.K. KHARE & CO. Chartered Accountants

Sale of goods and services:

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts offered by the Company as part of the contract. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on a reasonable credit term.

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.

(d) Property, plant and equipment

Items of property, plant and equipment including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bring the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized in the statement of profit or loss, as incurred. In respect of additions to/ deletions from fixed assets, depreciation is provided on a pro-rata basis with reference to the month of addition/ deletion of the assets. Freehold land is carried at historical cost.

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed in Schedule II of the Companies Act, 2013. As per requirements of the Companies Act, 2013 the Company has also identified significant components of assets and their useful life and depreciation charge is based on an internal technical evaluation. Estimated useful life adopted in respect of the following assets is different from the useful life prescribed in Schedule II of the Companies Act, 2013. These estimated lives are based on technical assessment made by technical expert and management estimates. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

(e) Intangible assets

Intangible assets are initially recognized at cost. Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization and accumulated impairment losses.

B.K. KHARE & CO. Chartered Accountants

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

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

(f) Borrowing costs

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

(g) Foreign currency transactions and balances

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

(h) Financial instruments

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

Financial assets: Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

B.K. KHARE & CO. Chartered Accountants

Debt instruments at amortised cost

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

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

Debt instrument at FVOCI

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

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

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

Equity investments-instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Impairment of financial assets

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

B.K. KHARE & CO.
Chartered Accountants

at the reporting date to the amount that is required to be recognised as an impairment gain or loss in the Statement of Profit and Loss.

Derecognition

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

Financial liabilities

Financial liabilities are classified and measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss.

Borrowings

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

Derecognition

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

B.K. KHARE & CO. Chartered Accountants

Derivative financial instruments

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

Offsetting

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

(i) Leases

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

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

- the contract involves the use of an identified asset
- 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.

B.K. KHARE & CO. Chartered Accountants

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

Lease contracts entered by the Company majorly pertain for land.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursements.

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

(k) Employee benefit obligations

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

(l) Derivative financial instruments

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship which is designated.

Cash flow hedges that qualify for hedge accounting: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in 'other comprehensive income' in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit and loss. Amounts accumulated in equity are reclassified to the statement of profit and loss in the periods in which the hedged item affects the profit or loss (for example, when the interest expenditure is recorded).

Derivatives that are not designated as hedges: The Company enters into certain derivative contracts to hedge foreign exchange risks which are not designated as hedges for accounting purpose. Such derivative contracts are accounted for at each reporting date at fair value through the statement of profit and loss.

(m) Cash and cash equivalents

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

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

B.K. KHARE & CO. Chartered Accountants

(n) Income taxes

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

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

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

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

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

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

(o) Earnings per share

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

(p) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

> i. Ind AS 1 – Material accounting policies - The amendments mainly related to shifting of disclosure of erstwhile "significant accounting policies" in the notes to the financial statements to material accounting policy information requiring companies to reframe their accounting policies to make

B.K. KHARE & CO. Chartered Accountants

them more entity specific. This amendment aligns with the "material" concept already required under International Financial Reporting Standards (IFRS).

ii. Ind AS 8 – Definition of accounting estimates - The amendments specify definition of 'change in accounting estimate' replaced with the definition of 'accounting estimates'.

iii. Ind AS 12 – Annual Improvements to Ind AS (2021) - The amendment clarifies that in cases of transactions where equal amounts of assets and liabilities are recognised on initial recognition, the initial recognition exemption does not apply. Also, If a company has not yet recognised deferred tax asset and deferred tax liability on right-of-use assets and lease liabilities or has recognised deferred tax asset or deferred tax liability on net basis, that company shall have to recognise deferred tax assets and deferred tax liabilities on gross basis based on the carrying amount of right-of-use assets and lease liabilities existing at the beginning of 1 April 2022.

The Company is currently assessing the impact of application of these amendments on its financial statements.

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 3: Property, Plant and Equipment

	Freehold Land	Plant and Machinery	Computers	Total
Gross carrying amount as at 1 April 2021	8,177	68	1	8,246
Transferred to Right to Use of an Asset (on account of lease arrangement) - Refer Note 4	(6,978)			(6,978)
Additions	1,112	11	-	1,123
Gross carrying amount as at 31 Mar 2022	2,311	79	1	2,391
Accumulated depreciation as at 1 April 2021				
Opening accumulated depreciation	-	65	-	65
Depreciation charge during the year	-	2	-	2
Accumulated depreciation as at 31 Mar 2022	-	67	-	67
Net carrying amount as at 31 Mar 2022	2,311	12	1	2,324
Gross carrying amount as at 1 April 2022	2,311	79	1	2,391
Additions	-	27	-	27
Deletions		(5)		(5)
Gross carrying amount as at 31 Mar 2023	2,311	101	1	2,413
Accumulated depreciation as at 1 April 2022				
Opening accumulated depreciation	-	67	-	67
Depreciation charge during the year	-	7	-	7
Depreciation on deletions		(3)		(3)
Accumulated depreciation as at 31 Mar 2023	-	71	-	71
Net carrying amount as at 31 Mar 2023	2,311	30	1	2,342

Note 4: Right of Use Assets

Particulars	Leasehold land	Total
Balance as at 1 April 2021	11,187	11,187
Additions	7,569	7,569
Deletions	-	-
Amortisation	-	-
Balance as at 31 Mar 2022	18,756	18,756
Balance as at 1 April 2022	18,756	18,756
Additions	-	-
Deletions	-	-
Amortisation	(398)	(398)
Balance as at 31 Mar 2023	18,358	18,358

Note: Amortisation expense on right of use assets is included under Capital work in progress.

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 5: Capital work-in-progress

	31 March 2023	31 March 2022
Projects*	296,092	193,881
Others	13	16
Total carrying amount	**296,105**	**193,897**

*Includes borrowing cost of Rs. 61,459 Lakhs (31 March 2022 Rs. 45,054 Lakhs)

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

CWIP	As on 31 March 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Ammonia project	101,921	72,132	21,251	100,788	**296,092**
Others	13	-	-	-	**13**

CWIP	As on 31 March 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Ammonia project	71,832	21,260	57,211	43,578	**193,881**
Others	16	-	-	-	**16**

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

CWIP	As on 31 March 2023 To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Others	13	-	-	-	**13**
Ammonia project	296,092	-	-	-	**296,092**

CWIP	As on 31 March 2022 To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 year	
Others	16	-	-	-	16
Ammonia project	-	193,881	-	-	193,881

Note 6: Intangible Assets

	Computer software	Total
Gross carrying amount as at 1 April 2021	45	45
Accumulated depreciation as at 1 April 2021	11	11
Amortisation charge for the year	6	6
Accumulated depreciation as at 31 March 2022	17	17
Net carrying amount as at 31 March 2022	28	28
Gross carrying amount as at 1st April 2022	45	45
Additions	-	
Deletions	(6)	(6)
Net carrying amount as at 31 Mar 2023	39	39
Accumulated depreciation as at 1 April 2022	17	17
Amortisation charge for the year	6	6
Accumulated depreciation as at 31 March 2023	23	23
Net carrying amount as at 31 Mar 2023	16	16
Net carrying amount as at 31 March 2022	28	28

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 7: Deferred Tax Assets (Net)

Movement during the year ended 31 March 2023:

	1 April 2022	Credit/(Charge) in the statement of Profit and Loss	Credit/(Charge) in the statement of Other Comprehensive Income	31 March 2023
Property, plant and equipment	(3)	1	-	(2)
Financial assets at fair value through profit or loss	34	98	-	132
Net deferred tax assets/(liabilities)	**31**	**99**	**-**	**130**

Movement during the year ended 31 March 2022:

	1 April 2021	Credit/(Charge) in the statement of Profit and Loss	Credit/(Charge) in the statement of Other Comprehensive Income	31 March 2022
Property, plant and equipment	(3)	-	-	(3)
Financial assets at fair value through profit or loss	(54)	88	-	34
Net deferred tax assets/(liabilities)	**(57)**	**88**	**-**	**31**

B.K. KHARE & CO.
Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 8: Other Non-Current Assets

	31 March 2023	31 March 2022
Capital advances	5,104	3,634
Balances with government authorities	41,539	27,008
Prepaid expenses	253	120
Total	**46,896**	**30,762**

Note 9: Current Investments

	31 March 2023	31 March 2022
Investment in mutual funds (carried at fair value through profit and loss)	880	3,590
Total	**880**	**3,590**

Note 10: Trade Receivables

	31 March 2023	31 March 2022
Considered good - Secured	-	-
Considered good - Unsecured	372	108
Receivables which have significant increase in credit risk	-	-
Credit Impaired	-	-
Total	**372**	**108**

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment as on 31st March 2023					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	372	-	-	-	-	372
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**372**	-	-	-	-	**372**

Particulars	Outstanding for following periods from due date of payment as on 31st March 2022					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	108	-	-	-	-	108
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	**108**	-	-	-	-	**108**

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 11: Cash and Cash Equivalents

	31 March 2023	31 March 2022
Balances with banks		
- in current accounts	5,435	4,879
- in deposits with original maturity up to three months	156	150
Total	**5,591**	**5,029**

Note 12: Other Bank Balances

	31 March 2023	31 March 2022
Deposits with banks with maturity more than three months and up to twelve months	3,480	11,320
Total	**3,480**	**11,320**

Note 13: Other Financial Assets

	31 March 2023		31 March 2022	
	Current	Non Current	Current	Non Current
(i) Derivatives				
Foreign currency forward contracts	-	-	17	-
(ii) Others				
Interest receivable	87	-	60	-
Deposits with banks with maturity more than twelve months	-	56	-	-
Security deposit	859	-	714	-
Financial Guarantee Asset	446	2,799	507	2,276
Total	**1,392**	**2,855**	**1,298**	**2,276**

Note 14: Other Current Assets

	31 March 2023	31 March 2022
Advances to suppliers*	-	-
Total	-	-

*Less than Rs. 50,000

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 15: Share Capital

	31 March 2023	31 March 2022
Authorised		
5,00,000 equity shares of Rs. 10 each	50	50
(31 March 2022 : 5,00,000 equity shares of Rs. 10 each)	**50**	**50**
Issued, subscribed and fully paid-up share capital		
96,686 equity shares of Rs. 10 each	10	10
Increase during the year - Issued (FY- 2021-2022, 66,565 Equity Shares of Rs.10 each)	7	7
Increase during the year - Issued (FY- 2022-2023, 28,258 Equity Shares of Rs.10 each)	2	
191,509 equity shares of Rs. 10 each (31 March 2022 : 163,251 equity shares of Rs. 10 each)	**19**	**17**

(i) Reconciliation of the number of Equity Shares

	31 March 2023		31 March 2022	
Equity Shares	No of Shares	Amount	No of Shares	Amount
Balance as at the beginning of the year	1,63,251	17	96,686	10
Add: Issued during the year	28,258	2	66,565	7
Balance as at the end of the year	**1,91,509**	**19**	**1,63,251**	**17**

Terms and rights attached to equity shares

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

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

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

	31 March 2023		31 March 2022	
	Number of shares	% Holding	Number of shares	% Holding
Smartchem Technologies Limited	1,80,784	94.40%	1,52,526	93.43%
Robust Marketing Services Private Limited	10,725	5.60%	10,725	6.57%

(ii) Disclosure of Shareholding of Promoters

Shares held by promoters at the end of the year - 31 March 2023			% of Change during the year
Promoter Name	Number of Shares	% of Total Shares	
Class of Shares : Equity shares of Rs. 10 each			
(1) Smartchem Technologies Limited	1,80,784	94.40%	0.97%
(2) Robust Marketing Services Private Limited	10,725	5.60%	-0.97%

Shares held by promoters at the end of the year - 31 March 2022			% of Change during the year
Promoter Name	Number of Shares	% of Total Shares	
Class of Shares : Equity shares of Rs. 10 each			
(1) Smartchem Technologies Limited	1,52,526	93.43%	4.52%
(2) Robust Marketing Services Private Limited	10,725	6.57%	-4.52%

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 16: Other Equity

	31 March 2023	31 March 2022
Securities premium	164,356	134,359
General reserve	147	147
Fair value of financial guarantee	4,269	3,609
Retained earnings	4,414	3,793
Total other equity	**173,186**	**141,908**

(i) Securities Premium

	31 March 2023	31 March 2022
Opening balance	134,359	64,370
Add: Received during the year (net of share issue costs)	29,997	69,989
Closing balance	**164,356**	**134,359**

(ii) General Reserve

	31 March 2023	31 March 2022
Opening balance	147	147
Add: Transfer during the year from retained earning	-	-
Closing balance	**147**	**147**

(iii) Retained earnings

	31 March 2023	31 March 2022
Opening balance	3,793	3,245
Add: Net profit for the year	621	548
Items of other comprehensive income recognised directly in retained earnings	-	-
Transfer to General Reserve	-	-
Closing balance	**4,414**	**3,793**

(iv) Fair value of financial guarantee

	31 March 2023	31 March 2022
Opening balance	3,609	2,207
Movement during the year	660	1,402
Closing balance	**4,269**	**3,609**

Nature and purpose of other equity

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

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

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

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

B.K. KHARE & CO.
Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 17: Non-Current Borrowings

	Maturity date	Terms of repayment	Interest rate	31 March 2023	31 March 2022
Term loans					
Bank of Baroda	30 September 2038	Repayable in quarterly instalment starting from December 2024	10.90% and 10.40% per annum	1,46,022	77,104
Exim Bank	30 September 2038	Repayable in quarterly instalment starting from December 2024	10.40% per annum	47,736	34,292
Total				**1,93,758**	**1,11,396**

The term loans from Bank of Baroda and Exim Bank have been availed for financing of Ammonia Project at Taloja. The loans are running at the rate of 10.40% for existing RTL-1 and 10.90% for RTL-3 in case of Bank of Baroda and Exim is at 10.40%. The term loans are secured by first charge by way of hypothecation in favour of all lenders of movable assets, immovable properties, and all the intangible assets in relation to the project, both present and future.

B.K. KHARE & CO. Chartered Accountants

Note 18: Inter Corporate Deposit

	31 March 2023	31 March 2022
Inter Corporate Deposit from Mahadhan AgriTech Limited (Formerly Smartchem Technologies Limited), the Holding Company	3,024	-
Total	**3,024**	**-**

Note 19: Trade Payables	31 March 2023	31 March 2022
Trade Payables		
(a) Dues to micro and small enterprises	10	98
(b) Dues to others	13	155
Total	**23**	**253**

Dues to Micro and Small Enterprises

	31 March 2023	31 March 2022
Principal amount due at the year end	10	98
Interest provided but not paid at the year end on above	-	-
Interest due on principal amount already paid	-	-
Delayed principal amount paid during the year	-	-
Interest paid on delayed principal payment	-	-

Trade Payables aging schedule

Particulars	As on 31 March 2023 - Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	4	6	-	-	10
(ii) Others	10	-	3	-	13
(iii) Disputed dues – MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-
Total	**14**	**6**	**3**	**-**	**23**

Particulars	As on 31 March 2022 - Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	96	-	2	-	98
(ii) Others	153	2	-	-	155
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**249**	**2**	**2**	**-**	**253**

Note 20: Other Financial Liabilities

	31 March 2023	31 March 2022
Interest accrued	-	23
Security deposits	19	13
Capital creditors	8,119	15,437
Employee benefits payable	73	-
Total	**8,211**	**15,473**

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 21: Other Current Liabilities

	31 March 2023	31 March 2022
Statutory dues payable	228	411
Other payables	3	11
Total	**231**	**422**

B.K. KHARE & CO.
Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 22: Revenue From Operations

	31 March 2023	31 March 2022
Income from operations - Drumming services	448	470
Sale of product	256	-
Total	**704**	**470**

Note 23: Other Income

	31 March 2023	31 March 2022
Interest income	262	226
Net gain on sale of investments	577	315
Total	**839**	**541**

B.K. KHARE & CO.
Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 24: Purchases of Stock-in-Trade

	31 March 2023	31 March 2022
Purchases of stock-in-trade	251	-
Total	251	-

Note 25: Employee Benefits Expense

	31 March 2023	31 March 2022
Salaries, wages and bonus	31	27
Total	**31**	**27**

Note 26: Finance Costs

	31 March 2023	31 March 2022
Interest and finance charges on financial liabilities not at fair value through profit or loss	16,405	14,915
Interest others	1	1.90
	16,406	14,917
Less: Amount capitalised	16,405	14,915
Finance costs expensed in statement of profit and loss	**1**	**2**

Note 27: Depreciation and Amortisation Expense

	31 March 2023	31 March 2022
Depreciation on property, plant and equipment	7	2
Amortisation on intangible assets	6	6
Total	**13**	**8**

Note 28: Other Expenses

	31 March 2023	31 March 2022
Power, fuel and water	5	4
Material handling charges	17	12
Repairs to :		
- Plant and machinery	-	7
- Others	13	12
Rent	-	5
Rates, taxes and duties	3	4
Directors' fees	17	21
Foreign exchange fluctuations (Net)	333	146
Legal and professional fees	12	16
Expenditure towards corporate social responsibility [Refer Note 28(a) below]	4	6
Payments to auditors [Refer Note 28(b) below]	7	5
Total	**411**	**238**

B.K. KHARE & CO.
Chartered Accountants

Note 28(a): Expenditure towards corporate social responsibility

	31 March 2023	31 March 2022
Ishanya Foundation	4	6
Total	**4**	**6**
Amount required to be spent as per Section 135 of the Act	4	6
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	4	6
(iii) shortfall at the end of the year,	-	-
(iv) total of previous years shortfall,	-	-
(v) reason for shortfall,	Not Applicable	Not Applicable
(vi) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Ishanya Foundation	Ishanya Foundation
(vii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Not Applicable	Not Applicable

Note 28(b): Details of Payments to Auditors

	31 March 2023	31 March 2022
As auditor:		
Audit fees	4	3
Tax audit fees*	1	-
Limited review fees	2	2
In other capacities	-	-
Taxation matters	-	-
Re-imbursement of expenses	-	-
Total	7	5

*Previous year Rs. 50,000

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 29: Fair Value Measurements
Financial Instruments by Category

	31 March 2023			31 March 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Mutual funds	880	-	-	3,590	-	-
Trade receivables	-	-	372	-	-	108
Cash and cash equivalents	-	-	5,591	-	-	5,029
Other bank balances	-	-	3,480	-	-	11,320
Interest receivable	-	-	87	-	-	60
Foreign exchange forward contracts/options	-	-	-	17	-	-
Security deposits		-	859		-	714
Other financial assets	-	-	3,301	-	-	2,783
Total financial assets	**880**	**-**	**13,689**	**3,607**	**-**	**20,014**
Financial liabilities						
Borrowings	-	-	1,93,758	-	-	1,11,396
Inter-corporate deposit	-	-	3,024	-	-	-
Derivative financial liabilities, not designated as hedges	-	-		-	-	
Trade payables	-	-	23	-	-	253
Other financial liabilities						
-Capital creditors	-	-	8,119	-	-	15,437
-Interest accrued	-	-	-	-	-	23
-Security deposit	-	-	19	-	-	13
-Salary Payable	-	-	73	-	-	-
-Foreign exchange forward contracts/options	-	-	-	-	-	-
Total financial liabilities	**-**	**-**	**2,05,017**	**-**	**-**	**1,27,122**

(i) Fair Value Hierarchy
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:
Level 1 - Quoted market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.
The following table provides the fair value measurement hierarchy of the Company's financials assets and liabilities that are measured at fair value or where fair value disclosure is required:

	31 March 2023				31 March 2022			
Financial assets and liabilities measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL								
Mutual funds - Growth plan/Liquid fund	880	-	-	880	3,590	-	-	3,590
Derivatives not designated as hedges								
Foreign exchange forward contracts/options	-	-	-	-	-	17	-	17
Total financial assets	**880**	**-**	**-**	**880**	**3,590**	**17**	**-**	**3,607**
Financial liabilities								
Foreign exchange forward contracts/option contracts	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	-	-	-

(ii) Valuation process to determine fair value
The following methods and assumptions were used to estimate the fair values of financial instruments:
(a) The carrying amounts of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities are considered to be the same as their fair values, due to their short-term nature.
(b) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The fair value of derivative financial instruments is based on observable market inputs including currency spot and forward rate, yield curves, currency volatility, interest rate curves and use of appropriate valuation models.

B.K. KHARE & CO. Chartered Accountants

Note 30: Financial Risk Management

Risk Management Framework

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

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

The Company has exposure to the following risks arising from financial instruments
- credit risk;
- liquidity risk; and
- market risk.

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

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

Trade receivables and other financial assets

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

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

Expected credit loss for trade receivables:

The Company based on internal assessment which is driven by the historical experience/ current facts available in relation to default and delays in collection thereof, the credit risk for trade receivables is considered low. The Company estimates its allowance for trade receivable using lifetime expected credit loss. The expected credit loss as at 31 March 2023 is - Nil (31 March 2022: Nil).

Expected credit loss on financial assets other than trade receivables

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

B.K. KHARE & CO.
Chartered
Accountants

Performance Chemiserve Limited

Notes to the financial statements for the year ended 31 March 2023

(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 2023	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives financial liabilities					
Borrowings	193,758	-	22,279	171,479	193,758
Trade payables	23	23	-	-	23
Interest accrued	-	-	-	-	-
Security deposits	19	19	-	-	19
Other financial liabilities	3,968	3,968	-	-	3,968
Total non-derivative liabilities	**197,768**	**4,010**	**22,279**	**171,479**	**197,768**
Derivatives financial liabilities					
Foreign exchange forward contracts	-	-	-	-	-
Other financial liabilities	4,224	4,224	-	-	4,224
Total derivative liabilities	**4,224**	**4,224**	**-**	**-**	**4,224**

31 March 2022	Carrying Amount	Payable within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	111,396	-	22,279	89,117	111,396
Trade payables	253	253	-	-	253
Interest accrued	23	23			23
Security deposits	13	13			13
Other financial liabilities	12,436	12,436	-	-	12,436
Total non-derivative liabilities	**124,121**	**12,725**	**22,279**	**89,117**	**124,121**
Derivatives financial liabilities					
Foreign exchange contract used for hedging	-	-	-	-	-
Other financial liabilities	3,001	3,001	-	-	3,001
Total derivative liabilities	**3,001**	**3,001**	**-**	**-**	**3,001**

B.K. KHARE & CO.
Chartered Accountants

(iii) Market risk

Market risk is risk of changes in the market 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 currency in which the Company is exposed to risk is USD.

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

Exposure to currency risk

(a) The Company's exposure to foreign currency risk at the end of the reporting period is presented in Note 34.
(b) The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and forward contracts.

Foreign currency balances outstanding

Particulars	USD in lakhs 31 March 2023	USD in lakhs 31 March 2022
Liabilities		
Creditors	48	42
Net Payable as on 31 March 2023	48	-
Net Payable as on 31 March 2022	-	42

Particulars	31 March 2023	31 March 2022
USD sensitivity		
R/USD -appreciated by 1%	30	24
R/USD -depreciated by 1%	(30)	(24)

B.K. KHARE & CO. Chartered Accountants

Interest rate risk

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

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows. The following table provides a break-up of the company's fixed and floating rate borrowings:

	31 March 2023	31 March 2022
Variable rate	193,758	111,396
Fixed rate borrowings	-	-
Total borrowings	**193,758**	**111,396**

Sensitivity

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

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's capital work in progress for the year ended 31 March 2023 would decrease / increase by Rs. 969 lakhs (for the year ended 31 March 2022: decrease / increase by Rs. 557 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Note 31: Capital Management

Risk Management

The company's objectives when managing capital are to: safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

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

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

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

The gearing ratios were as follows:

	31 March 2023	31 March 2022
Net debt (net of cash and cash equivalents)	184,688	95,047
Total equity	173,205	141,925
Net debt to equity ratio	**1.07**	**0.67**

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023

Note: 32(a) Names of the Related Parties and Relationships

A. Holding Company

Mahadhan AgriTech Limited
(Formerly Smartchem Technologies Limited)

B. Ultimate Holding Company

Deepak Fertilisers and Petrochemicals Corporation Limited

C. Fellow subsidiaries

Platinum Blasting Services Pty Limited
Mahadhan Farm Technologies Private Limited
SCM Fertichem Limited
Ishanya Brand Services Limited
Deepak Mining Solutions Private Limited
(Formerly Deepak Mining Services Private Limited)
Deepak Nitrochem Pty Limited
Ishanya Realty Corporation Limited
Australian Mining Explosives Pty Ltd (Subsidiary of PBS)

D. Key Management Personnel

1 **Non-executive directors**
Mr Sailesh C. Mehta
Mrs Parul Sailesh Mehta
Mr Ashok P. Shah
Mr M. P. Shinde

2 **Non-executive independent directors**
Mr S. R. Wadhwa
Mr U. P. Jhaveri
Mr R. Sriraman
Mr Partha Bhattachararyya

3 **Chief Financial Officer**
Mr Upendra Patro**

4 **Company Secretary**
Mr Pankaj Gupta ***

** Mr. Upendra Patro is also Executive Vice President of the Ultimate Holding Company.
*** Mr. Pankaj Gupta is also Company Secretary of the Holding Company.

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

1 Robust Marketing Services Private Limited
2 Nova Synthetic Limited
3 The Lakaki Works Private Limited
4 High Tide Investments Private Limited
5 Deepak Asset Reconstruction Private Limited
6 Ishanya Foundation
7 Deepak Foundation
8 Peerless General Finance and Investment Company Limited
9 Deepak Mining Solutions Private Limited
(Formerly Deepak Mining Services Private Limited)
10 Deepak Agro Solutions Limited (up to 31 August 2022)

F. Relatives of Key Management Personnel

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

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

1 Deepak Nitrite Limited
2 Deepak Phenolics Limited
3 Sofotel Infra Private Limited
4 Blue Shell Investments Private Limited
5 Storewell Credits and Capital Private Limited

H. Jointly controlled entity

1 Yerrowda Investments Limited

B.K. KHARE & CO. Chartered Accountants

Performance Chemiserve Limited
Notes to the financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 32(b): Related Party Transactions

		31 March 2023				31 March 2022			
Sr. No.	Nature of Transactions	Ultimate Holding Entity	Holding Company	Key Management Personnel	Total	Ultimate Holding Entity	Holding Company	Key Management Personnel	Total
1	**Inter Corporate Deposit taken**								
	Mahadhan AgriTech Limited	-	3,000	-	3,000	-	-	-	-
2	**Rendering of services**								
	Deepak Fertilisers and Petrochemicals Corporation Limited	448	-	-	448	470	-	-	470
3	**Receiving of services/reimbursement of expenses**								
	Deepak Fertilisers and Petrochemicals Corporation Limited	(906)	-	-	(906)	(448)	-	-	(448)
	Mahadhan AgriTech Limited	-	(27)	-	(27)	-	-	-	-
4	**Sale of Asset**								
	Mahadhan AgriTech Limited	-	3	-	3	-	-	-	-
5	**Sitting fees paid to non executive directors**	-	-	(17)	(17)	-	-	(21)	(21)
6	**Amounts outstanding at the year end**								
	Inter Corporate Deposit								
	Mahadhan AgriTech Limited	-	3,000	-	3,000	-	-	-	-
	Interest accrued and due on Inter Corporate Deposit	-	24	-	24	-	-	-	-
	Trade Payables								
	Mahadhan AgriTech Limited	-	(24)	-	(24)	-	-	-	-
	Deepak Fertilisers and Petrochemicals Corporation Limited	(74)	-	-	(74)	(1,039)	-	-	(1,039)

Note: Figures in bracket represent outflows.

Note 33(a): Contingent Liabilities

Sr. No.	Particulars	31 March 2023	31 March 2022
1	Income tax matter	78	78
2	Goods and Services Tax appeal matter	15	15

Note 33(b): Capital Commitments

Sr. No.	Particulars	31 March 2023	31 March 2022
1	Commitments related to projects (net of advances)	37,278	97,525

B.K. KHARE & CO.
Chartered Accountants

Performance Chemiserve Limited
Notes to financial statements for the year ended 31 March 2023
(All Amounts in ₹ Lakhs unless otherwise stated)

Note 34: Foreign Currency Balances Outstanding

	31 March 2023		31 March 2022	
	Amount in Foreign Currency Lakhs	**Equivalent amount in Rs. Lakhs**	**Amount in Foreign Currency Lakhs**	**Equivalent amount in Rs. Lakhs**
Hedged Position				
Creditors in (USD)	48	3,942	42	3,256
Total	**48**	**3,942**	**42**	**3,256**

Particulars	31 March 2023		31 March 2022	
	Amount in Foreign Currency Lakhs	**Equivalent amount in Rs. Lakhs**	**Amount in Foreign Currency Lakhs**	**Equivalent amount in Rs. Lakhs**
Forward contracts - USD	-	-	-	-
Option Contracts - USD	81	6,632	38	2,875
Forward contracts - EURO	1	100	-	-
Total	**82**	**6,732**	**38**	**2,875**

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

Note 35: Income Taxes

Components of Income Tax Expenses	**31 March 2023**	**31 March 2022**
I. Income tax expense recognised in the statement of profit and loss		
Current year	314	212
Charge/(credit) related to previous year (net)	-	64
Total (A)	**314**	**276**
Deferred tax (credit)/charge	(99)	(88)
Total (B)	**(99)**	**(88)**
Total (A+B)	**215**	**188**
II. Tax on other comprehensive income	-	-
Total	-	-

Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate 31 March 2023 and 31 March 2022

Particulars	**31 March 2023**	**31 March 2022**
Accounting profit before tax	836	736
At India's statutory income tax rate of 25.17% (31 March 2022: 25.17%) (A)	**210**	**185**
Effects of non-deductible business expenses	1	3
Reversal of earlier year tax provision		
Others	4	-
Total (B)	**5**	**3**
Income Tax expense reported in the statement of profit or loss (A+B)	**215**	**188**

B.K. KHARE & CO. Chartered Accountants

Note 36: Earnings per Share

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

Particulars	31 March 2023	31 March 2022
Profit after tax for calculation of Basic and Diluted Earnings per Share (Rs. Lakhs)	621	548
Weighted average number of equity shares (Face Value per share Rs. 10)	182,993	133,581
Basic Earnings per Share (in Rs.)	339.17	410.18
Diluted Earnings per Share (in Rs.)	339.17	410.18

B.K. KHARE & CO. Chartered Accountants

Note 37: Ratios

Particulars	Current Year	Previous Year	Items included in numerator	Items included in denominator	Change in the ratio by more than 25% as compared to the preceding year	Explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year
(a) Current Ratio	1.36	1.32	Total current assets	Total current liabilities	4.69	NA
(b) Debt-Equity Ratio	1.14	0.78	Total Debt (Long Term Borrowings, Short Term Borrowings and Lease liabilities)	Shareholder's Equity (Share capital and Other Equity)	44.75	Equity infusion during year ~ Rs. 30000 lakhs, Borrowing Rs. 82262 lakhs and ICD Rs. 3000 lakhs
(c) Debt Service Coverage Ratio	0.04	0.04	Earnings available for Debt Service (Net profit after tax + Non cash operating expenses + interest + other non cash adjustments)	Debt Service = Interest and lease payments + Principal repayments	3.46	NA
(d) Return on Equity Ratio	0.39	0.52	Profit after tax for the current year less preference dividend (if any)	Average Shareholder's Equity	(23.83)	NA
(e) Inventory turnover ratio	NA	NA	Cost of goods sold	Average inventory	NA	NA
(f) Trade Receivables turnover ratio	2.93	2.79	Revenue from operations	Average trade receivables	5.16	NA
(g) Trade payables turnover ratio	5.10	3.21	Revenue from operations	Average trade payables	58.88	31 Mar 2023 closing bills not due yet and Increase in Sales due to trading sales
(h) Net capital turnover ratio	0.17	0.91	Revenue from operations	Working Capital = Current Assets -Current Liabilities	(81.32)	Increase in Sales due to trading sales and decrease in Capital creditors as payment is being made
(i) Net profit ratio	88.16%	116.58%	Profit after tax for the current year	Revenue from operations	(24.38)	NA
(j) Return on Capital employed	0.23%	0.29%	Profit before tax and finance costs	Capital Employed = Tangible Net worth + Total Debt + Deferred tax liability	(21.72)	NA
(k) Return on investment	25.82%	15.45%	Income generated from investment funds	Average invested funds in treasury investments	67.07	Equity infusion during year ~ Rs. 30000 lakhs out of which spare money were temporarily invested in Mutual funds and as per the requirement for project outflow, redemption has taken place

B.K. KHARE & CO.
Chartered Accountants

Note 38: The Company is in the business of drumming chemical, which in the context of Indian Accounting Standard 108 'Segment Information' represents single reportable business segment.

As per our report of even date attached

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

S. C. Mehta
Chairman
DIN:00128204

Upendra Patro
Chief Financial Officer

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

B.K. KHARE & CO.
Chartered Accountants

Himanshu Goradia
Partner
Membership No. 045668

Place: Mumbai
Date: 16 May 2023

Ashok Shah
Director
DIN:00196506

Pankaj Gupta
Company Secretary
Membership No: F-9219

Place: Pune
Date: 16 May 2023

Board of Directors

Shri Shailesh C Mehta – Non-executive Chairman
Smt. Parul S Mehta – Non-executive Director
Shri A P Shah – Non-executive Director
Shri M P Shinde – Non-executive Director
Shri S R Wadhwa – Independent Director
Shri U P Jhaveri – Independent Director
Shri Partha Bhattacharyya – Independent Director
Shri R Sriraman – Independent Director

Chief Financial Officer

Shri Upendra Patro

Company Secretary

Shri Pankaj Gupta

Registered Office:
Sai Hira, Survey No. 93, Mundhwa
Pune – 411 036
P. No.: +91 20 6645 8000
Website: www.pclindia.co.in

Plant:
Plot no. E31,
MIDC Industrial Area,
MIDC Main Road, Taloja MIDC,
Taloja, Raigad, Maharashtra, 410208

Contact details for Grievance Redressal

Shri Pankaj Gupta
Company Secretary
Sai Hira, Survey No. 93, Mundhwa
Pune – 411 036
P. No.: +91 20 6645 8233
E-mail: pankaj.gupta@dfpcl.com

Debenture Trustee:

Catalyst Trusteeship Limited
604, Windsor Building,
Kalina, Santacruz East,
Mumbai – 400098,
P. No.: +91 22 4922 0555
E-mail: ComplianceCTL-Mmbai@ctltrustee.com
Website: www.catalysttrustee.com

Statutory Auditors

M/s. B. K. Khare & Co.
Chartered Accountants (Mumbai)
Firm Registration No. 105102W
Mumbai

Secretarial Auditors

Jog Limaye & Associates
Practicing Company Secretaries
Pune