

DCM SHRIRAM FINE
CHEMICALS LIMITED

ANNUAL REPORT 2023-24

DCM SHRIRAM FINE CHEMICALS LIMITED



(a wholly owned subsidiary of DCM Shriram Industries Ltd.)

Regd. Office: 6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi – 110001, INDIA
CIN: U24296DL2021PLC387429

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 3rd Annual General Meeting of the Company will be held on Saturday, the 06th July, 2024 at 02.30 P.M. at the registered office of the Company, situated at 6th floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi - 110001 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2024 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Akshay Dhar (DIN: 01078392), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 196 read with Section 203 of the Companies Act, 2013, the re-appointment of Shri Akshay Dhar (DIN:01078392), as a Whole Time Director & Chief Executive Officer of the Company, w.e.f. 07.12.2024, for another term of 2 years, on the terms and conditions as given in the Explanatory Statement, be and is hereby approved.

4. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

RESOLVED THAT pursuant to Section 196 read with Section 203 of the Companies Act, 2013, the re-appointment of Shri Vineet Manaktala (DIN: 09145644), as Director Finance & Chief Financial Officer of the Company, w.e.f. 07.12.2024, for a term of 2 years, on the terms and conditions as given in the Explanatory Statement, be and is hereby approved.

5. To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions, if any, the consent of the Company, be and is hereby accorded to the Board of Directors of the Company for borrowing, from time to time, such sums of money as they deem requisite for the purpose of the business of the Company, notwithstanding that money to



be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves and security premium, provided that the total amount up to which moneys may be so borrowed by the Board of Directors shall not exceed Rs.500 cr. (Rupees Five Hundred crore) at any time.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to do all acts and take all such steps as may be necessary, proper, incidental or expedient, to give effect to this resolution."

6. To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT consent of shareholders of the Company, be and is hereby accorded, pursuant to Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder, to the Board of Directors of the Company, to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such moveable or immovable properties of the Company, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks / financial institutions, other investing agencies and trustees for the holders of debentures / bonds / other instruments to secure rupee / foreign currency loans and / or the issue of debentures whether partly / fully convertible or non-convertible and / or securities linked to ordinary shares and / or rupee / foreign currency convertible bonds and / or foreign currency bonds and / or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said loans for which the charge is to be created, shall not, at any time, exceed Rs.500 cr. (Rupees Five Hundred crore) or the aggregate of the paid-up capital and free reserves of the Company, whichever is higher.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to do all acts and take all such steps as may be necessary, proper, incidental or expedient, to give effect to this resolution."

By order of the Board
For DCM SHRIRAM FINE CHEMICALS
LIMITED

New Delhi
27 May, 2024



Pawan
Pawan Kumar Lakhotia
Company Secretary
FCS 11409

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument of the proxy, in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A proxy form is annexed to this report.
2. Corporate member intending to send its authorized representative to attend the Meeting is requested to send to the Company a certified copy of the Board Resolution authorizing its representative to attend and vote on its behalf at the Meeting.
3. The Register of Directors and their Shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the meeting.



**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS
PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

Special Business

Item No. 3

Shri Akshay Dhar was designated as Whole-Time Director & Chief Executive Officer of the Company, pursuant to Section 197/ 198 read with Section 203 of the Companies Act, 2013, for a period of two years w.e.f. 07.12.2022. His appointment was approved by the shareholders in the 2nd Annual General Meeting held on 15.07.2023. His present term ends on 06.12.2024. It is proposed to re-appoint Shri Akshay Dhar as Whole-Time Director & Chief Executive Officer.

As per section 203 of the Companies Act, 2013, the Company has to have a Whole Time Director/ CEO based on its paid-up capital. Accordingly, the board in its meeting held on 27.05.2024 had accorded consent for the re-appointment of Shri Akshay Dhar as a Whole Time Director & CEO of the company for another term of 2 years from 07.12.2024, subject to the approval of the shareholders u/s 196 of the Companies Act. He is a whole-time employee of the holding company, DCM Shriram Industries Ltd. and presently President (Business Group Chemicals). He shall not be drawing any remuneration from the Company.

Brief particulars of Shri Akshay Dhar are as under:

Age	40 years
Qualification	BBA (Business & Management Studies)
Experience	19 years
Other Directorship / Membership / Chairmanship	- Breinworks Services Private Limited – Director - Kirloskar Ebara Pumps Limited – Director - Daurala Foods And Beverages Private Limited – Director
Board meetings attended during the year 2023-24	Attended all 5 Board meetings i.e. on 23.05.2023, 29.07.2023, 10.11.2023, 14.11.2023 and 09.02.2024.
Shareholding in the Company	Nil
Past Remuneration (Rs.)	None



Date of first appointment on the Board	06.12.2022
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Except Shri Akshay Dhar, being the appointee and Smt. Urvashi Tilakdhar, none of the directors and Key Managerial Personnel of the Company is related to Shri Akshay Dhar and deemed to be interested in the resolution. No other director, KMP, or their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No. 4

Shri Vineet Manaktala was designated as Chief Financial Officer of the Company, pursuant to Section 197/ 198 read with Section 203 of the Companies Act, 2013, for a period of two years w.e.f. 07.12.2022. His appointment was approved by the shareholders in the 2nd Annual General Meeting held on 15.07.2023. His present term ends on 06.12.2024. Considering his skills and contributions, it is proposed to re-appoint Shri Vineet Manaktala as Director Finance & Chief Financial Officer.

As per Section 203 of the Companies Act, the Company has to have a Chief Financial Officer as one of the KMPs. Accordingly, the Board in its meeting held on 27.05.2024 accorded consent for re-appointment of Shri Vineet Manaktala as the Director Finance & Chief Financial officer of the Company for another term of 2 years w.e.f. 07.12.2024 subject to the approval of the shareholders u/s 196 of the Companies Act. Shri Vineet Manaktala is the Director Finance & CFO of the holding company, DCM Shriram Industries Ltd. He shall not be drawing any remuneration from the Company.

Shri Vineet Manaktala aged 61 years, is a Chartered Accountant with over 39 years of experience, out of which 29 years in the Company. His long experience and guidance be of great help to the company in its nascent stage of establishment. His brief particulars are as under:

Other Directorship	DCM Shriram Industries Ltd.
Committee Membership / Chairmanship	Risk Management Committee – Member of DCM Shriram Industries Ltd.
Board meetings attended during the year 2023-24	Attended all 5 Board meetings i.e. on 23.05.2023, 29.07.2023, 10.11.2023, 14.11.2023 and 09.02.2024.
Shareholding in the Company	1
Past Remuneration (Rs.)	None



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Date of first appointment on the Board	29.09.2021
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Except Shri Vineet Manaktala, none of the directors is interested in the resolution. No other director, KMP, or their relatives is concerned or interested, financially or otherwise, in the resolution.

Item No. 5

A Composite Scheme of Arrangement involving (a) merger of Lily Commercial Pvt. Limited, a promoter group investment company into and with DCM Shriram Industries Limited (DCMSR) and (b) simultaneous demerger of two business verticals of DCMSR, viz. Chemicals and Rayon into the Company and the DCM Shriram International Ltd. respectively, is under consideration of the Stock Exchanges pursuant to Section 230-232 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

On effectuation of the Scheme, the loans pertaining to the Chemical business of the Holding Company will vest in the Company. In addition, the Company has to borrow funds from time to time for its operations and other capital expenditure. It was, therefore, proposed that the Company may enhance its borrowing power with the approval of the shareholders through an enabling resolution. As per Section 180(1)(c) of the Companies Act borrowings in excess of a company's paid-up capital, free reserves and securities premium require approval of the shareholders by special resolution.

Accordingly, the Board of Directors in its meeting held on 27.05.2024 proposed to obtain approval of the shareholders to enhance the borrowing power of the Board up to Rs.500 cr, outstanding at any time, including the loans which may vest in the Company as per the Scheme of Arrangement by special resolution u/s 180 (1) (c) of the Act.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out as Item No.5.

Item No. 6

A Composite Scheme of Arrangement involving (a) merger of Lily Commercial Pvt. Limited, a promoter group investment company into and with DCM Shriram Industries Limited (DCMSR) and (b) simultaneous demerger of two business verticals of DCMSR, viz. Chemicals and Rayon into the Company and the DCM Shriram International Ltd. respectively, is under consideration of the Stock



Exchanges pursuant to Section 230-232 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

On effectuation of the Scheme, the loans pertaining to the Chemical business of the Holding Company will vest in DSFCL. In addition, the Company has to borrow funds from time to time for its operations and other capital expenditure. Such borrowings may have to be secured by mortgage on the assets of the Company. Creation of mortgage in certain cases would require approval of the shareholders u/s 180(1)(a) of the Companies Act. It was proposed to seek the approval of the shareholders for creation of such mortgage on the assets of the company from time-to-time securing borrowings not exceeding Rs.500 cr outstanding at any time. Such borrowings are required to be secured by mortgage / charge on the assets of the Company in some cases.

Accordingly, the Board of Directors in its meeting held on 27.05.2024 proposed to obtain approval of the shareholders to enhance the limit for creation of charge/ mortgage/ hypothecation/ pledge on the Company's assets including tangible and intangible, both present and future, in favour of the banks, financial institutions, or any other lender(s), agent(s) and trustee(s) for securing the borrowing availed or to be availed by the Company by way of loans, debentures (comprising fully/ partly convertible debentures and / or secured or unsecured non-convertible debentures or any other securities) or otherwise in foreign currency or in Indian Rupee from time to time up to the limits approved / as may be approved by the shareholders from time to time u/s 180(1) (c) of the Companies Act, 2013 which is proposed to be enhanced up to Rs. 500 cr by special resolution u/s 180(1)(a) of the Act.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out as Item No.6.



DCM SHRIRAM FINE CHEMICALS LIMITED

(a wholly owned subsidiary of DCM Shriram Industries Limited)



6th Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi – 110001, INDIA

DIRECTORS' REPORT

To
The Members of
DCM SHRIRAM FINE CHEMICALS LIMITED

Your Directors have pleasure in presenting the Annual Report and the Audited Financial Statements of your Company for the year ended 31st March, 2024 together with the Report of the Auditors and the Board of Directors thereon.

FINANCIAL HIGHLIGHTS

STATE OF COMPANY'S AFFAIRS

The Company has not yet commenced operations. The Company was provided funds amounting to Rs. 411.28 lakhs during the financial year by the holding company DSIL for payment of instalments towards land allotted on lease by GIDC and other expenses. The advances are being treated as "Advance against Capital."

CHANGE IN NATURE OF BUSINESS

Not applicable as the Company is yet to commence business.

SHARE CAPITAL

During the year, the Company has not issued any share capital. The paid-up share capital of the Company as on 31.03.2024 is Rs. 20,00,00,000 (Rupees Twenty Crore) divided into 10,00,00,000 (Ten Crore) Equity Shares of Rs. 2 each.

COMPOSITE SCHEME OF ARRANGEMENT

Pursuant to Section 230-232 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors in its meeting held on 14.11.2023 had approved a Composite Scheme of Arrangement involving (a) merger of Lily Commercial Pvt. Limited, a promoter group investment company into and with DCM Shriram Industries Limited (DCMSR) and (b) simultaneous demerger of two business verticals of DCMSR, viz. Chemicals and Rayon into the Company and DCM Shriram International Ltd., respectively. The draft Scheme along with the necessary documents are under scrutiny of the exchanges. On effectuation of the Scheme, the Chemical business of DCMSR will vest in the Company. The Scheme is presently under consideration of BSE and NSE. After approval under the Listing Regulations, the Scheme will be filed with Hon'ble NCLT for approval.



BOARD MEETINGS AND DIRECTORS

Meetings of the Board

During the Financial Year 2023-24, the Company held five meetings of the Board of Directors i.e. on 23.05.2023, 29.07.2023, 10.11.2023, 14.11.2023 and 09.02.2024.

CHANGES IN DIRECTORS OR KMP

The shareholders in the Annual General Meeting held on 15.07.2023 had appointed Smt. Urvashi Tilakdhar and Shri Akshay Dhar as Directors liable to retire by rotation u/s 152(6) of the Act. Proposals for re-appointment of Shri Akshay Dhar & Shri Vineet Manaktala as Whole-Time Director & Chief Executive Officer and Chief Financial Officer respectively, w.e.f. 07.12.2024, are being included in the notice convening the ensuing AGM for approval of the shareholders.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from the same;
2. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis;
5. Company being unlisted sub clause (e) of section 134(3) is not applicable and
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND THEIR REPORT.

Pursuant to Section 139 of the Companies Act, 2013, the shareholders in the Annual General Meeting held on 02.07.2022 had appointed M/s. S.C. Kwatra & Co., Chartered Accountants (Firm Registration No. 004232N), as Auditors of the Company to hold office for five years from the conclusion of the 1st AGM till the conclusion of the 6th AGM to be held in the year 2027.



There are no qualifications, reservation or adverse remarks or disclaimer in the Auditors' Report to the members on the annual financial statements for the year ended 31.03.2024.

The Auditors have not reported any incidence of fraud.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not provided any loans, guarantees or made any investments during the year.

RELATED PARTY TRANSACTIONS

The transactions entered with a related party during the year under review were on Arm's Length basis and in the ordinary course of business. The relevant information regarding related party transactions has been set out in Note No.21 of the Financial Statements for the year 31.03.2024. In view of this, disclosure in Form AOC-2 is not required.

DIVIDEND

Not applicable as the Company has not commenced operations.

MATERIAL CHANGES AND COMMITMENTS

No material changes or commitments have occurred between the end of the financial year to which the financial statements relate and the date of this Report, affecting the financial position of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

There is no information to be reported under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption etc. and particulars of employees under Section 197(2) of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 as the Company is yet to commence business.

There were no foreign exchange earnings and outgo during the year under review.

RISK MANAGEMENT

The Company does not have any Risk Management Policy as the elements of risk threatening the company's existence are very minimal.



CORPORATE SOCIAL RESPONSIBILITY

Since the Company is not falling under any of the criteria specified in sub-section (1) of section 135 of the Companies Act, 2013, it is not required to constitute a Corporate Social Responsibility Committee or incur expenditure on that account.

DEPOSITS

The company has not accepted any deposits during the year.

SIGNIFICANT ORDERS

No significant and material orders were passed by the regulators or courts or tribunals which affect the going concern status and future operation of the Company.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY

Company does not have any Subsidiary, Joint venture or Associate Company.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

As the Company has not declared any dividend so far provisions of Section 125 of the Companies Act, 2013 do not apply to it.

EXTRACT OF ANNUAL RETURN

As there is no requirement to maintain a website, copy of the annual return is not uploaded and the same can be accessed by visiting its office during office hours by giving advance intimation.

SHARES

a. BUY BACK OF SECURITIES

The Company has not bought back any of its securities during the year under review.

b. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

2.



c. BONUS SHARES

No Bonus Shares were issued during the year under review.

d. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

None of the employee of your company is drawing remuneration in excess of the limits set out in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The provisions of Section 204 of the Companies Act, 2013 relating to Secretarial Audit Report and provisions of Section 177 of the Companies Act, 2013 relating to Audit Committee were not applicable on the company.

The provisions regarding vigil mechanism as provided in Section 177(9) of the Companies Act, 2013 read with rules framed there under are not applicable on the Company.

The Company does not require to maintain cost records as specified under Section 148(1) of the Companies Act, 2013.

The Company has not made any application, nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and therefore, the provisions under this Code are not applicable to it.

The Company has not applied for one time settlement at any time since its inception, and thus, the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions are not applicable to it.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Applicable Secretarial Standards i.e. SS-1 & S-2 relating to 'Meeting of the Board of Directors' and 'General Meetings' respectively, have been duly followed by the Company.




ACKNOWLEDGEMENT

Directors wish to place on record their appreciation for the co-operation and assistance extended to the Company by the holding Company.

For & on Behalf of the Board of Directors




Vineet Manaktala
DIN: 09145644
(Director & CFO)


Akshay Dhar
DIN: 01078392
(Director & CEO)

Place: New Delhi

Date: 27.05.2024

S.C. KWATRA & CO.

CHARTERED ACCOUNTANTS

204, 303-A, SASCO BHAWAN, AZADPUR COMMERCIAL COMPLEX,
DELHI- 110 033 INDIA

PH.: 27676375, 27672646, 9810077853

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DCM SHRIRAM FINE CHEMICALS LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **DCM SHRIRAM FINE CHEMICALS LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year the ended March 31, 2024, and a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

Information other than the Financial Statements and Auditor's Report thereon

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Board of Director's Report, but does not include the financial statements and our Auditor's 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.

Management's Responsibility for the Financial Statements.

The Company's management and the Board of Directors are 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/(loss), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act and other 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, the management and the Board of Directors are 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 the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternatives but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also



responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operative effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. (A) 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS Accounting Standards specified under section 133 of the Act.



- e) On the basis of written representation received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the reporting effectiveness of such controls, refer to our separate report in "Annexure B".

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

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended March 31, 2024.
- 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, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) 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, 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, as disclosed in the notes to accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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 the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- (d) The company has not declared or paid or proposed any dividend for the year, and therefore, Rule 11(f) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.



- v. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which did not have audit trail feature enabled throughout the year. However, the audit trail facility was enabled on October 11, 2023 and the same has been operated from that date till the year end for all transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with since the date of enabling the said feature.
- C) With respect to the matter to be included in the Auditor's Report under section 197(16):

The Company has not paid any remuneration to any of its directors during the year, and therefore, section 197 of the Act related to the managerial remuneration is not applicable to the Company.



Place: New Delhi
Date: May 27, 2024

**For S.C. Kwatra & Co.
Chartered Accountants
Firm's Registration No.004232N**

**M. M. Kwatra
Partner
(Membership No. 083756)
UDIN : 24083756BKEXR5443**

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of DCM Shriram Fine Chemicals Limited on the financial statements for the year ended March 31, 2024.

- (i) In respect of its Property, plant and equipment:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.
 - (b) The Company does not have intangibles.
 - (c) The Property, plant and equipment were physically verified during the year by the Management. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - (d) According to the information and explanations given to us and the records examined by us, we report that the lease agreement in respect of immovable property being leasehold land as disclosed in the financial statements of the Company, are yet to be executed, as per details as under:

Description of property	Gross Block as on March 31, 2024 (Rs. In Lakhs*)	Held in name of	Whether Promoter, Director or their Relative or employee	Period held	Reason for not held in the name of the company
Leasehold land at Dahej, Gujarat	2290.50	Refer note 29 of the financial statement	No	Dec, 2021	Refer note 29 of the financial statement

* including land development expenditure.

- (e) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.
 - (f) As explained to us, no proceedings have been initiated against the Company during the year or are pending as at March 31, 2024 for holding any benami property under the Benami Transaction (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company does not have any inventories and hence, reporting under clause (ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investment in, provided any guarantee or security, and 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, and hence reporting under clause (iii) of the Order is not applicable.



(iv) The Company has not given any loans or investment or provided any guarantee or security, and hence reporting under clause (iv) of the Order is not applicable.

(v) Based on our audit procedures and according to the information and explanations given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits, within the meaning of the Act and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) The Company is yet to commence its business activities and therefore, reporting under clause (vi) of the Order relating to maintenance of cost records is not applicable.

(vii) According to the information and explanations given to us and the records of the Company examined by us, in respect of statutory dues, in our opinion:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, customs duty, excise duty, Value Added Tax, Cess and other material statutory dues as applicable to it with the appropriate authorities. Further, no undisputed statutory dues were outstanding as on March 31, 2024 for a period of more than six months from the date they became payable.

(b) According to the records of the Company examined by us and as per the information and explanations given to us, there are no statutory dues referred to in sub-clause (a) above which have not been deposited on account of any disputes as on March 31, 2024.

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) As per information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.

(c) To the best of our knowledge and belief, the Company has not availed any term loans during the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, the funds raised on short term basis have, prima facie, not been used for long term purposes of the Company.

(e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) and clause (ix)(f) of the Order is not applicable.

(x) (a) According to the information and explanations given to us, and to the best of our knowledge, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.



(b) According to the information and explanations given to us, and to the best of our knowledge, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) and accordingly, clause (x)(b) of the Order is not applicable.

(xi) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

(b) According to the information and explanations given to us, and to the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. (Refer Note 21)

(xiv) The Company is not required to have an internal audit system and hence, reporting under clause (xiv)(a) and (xiv)(b) is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the reporting under clause (xvi)(a) and (b) of the Order is not applicable. In our opinion, the Company is not a core investment company and there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016, and accordingly reporting under clause 3(xvi)(c) and (d) of the Order is not applicable.

(xvii) The Company has incurred cash loss of Rs. 30.69 lakhs during the year covered by our audit and cash loss of Rs. 33.51 lakhs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, and 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 at the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of the 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 assurance that all liabilities falling due within a period of one year from the balance sheet date, would get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under section clause 3(xx) of the Order is not applicable for the year.



Place: Delhi
Date: May 27, 2023

For S.C. Kwatra & Co.
Chartered Accountants
Firm's Registration No.004232N

M. M. Kwatra
Partner

(Membership No. 083756)

UDIN: 24083756BKEXQP5443.

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **DCM SHRIRAM FINE CHEMICALS LIMITED** ("the Company") as of March 31, 2024 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 and the Board of directors are 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 (the 'Guidance Note'). 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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on 'criteria for internal control over financial reporting 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'.



Place: New Delhi
Date: May 27, 2024

For S.C. Kwatra & Co.
Chartered Accountants
Firm's Registration No.004232N

M. M. Kwatra

M. M. Kwatra
Partner

(Membership No.-083756)
UDIN : 24083756BKEXP5443

DCM Shriram Fine Chemicals Limited
Balance sheet as at March 31, 2024

Particulars	Notes	As at	As at
		March 31, 2024	March 31, 2023
		Rs. lakhs	Rs. lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,412.75	2,416.82
Financial Assets			
(i) Other financial assets	5	0.90	0.90
Other non current assets	6	233.93	233.10
Total non-current assets		2,647.58	2,650.82
Current assets			
Financial assets			
(i) Cash and cash equivalents	7	0.89	1.61
Other current assets	8	0.11	0.06
Total current assets		1.00	1.67
TOTAL ASSETS		2,648.58	2,652.49
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	2,000.00	2,000.00
Other equity	10	647.32	270.80
Total equity		2,647.32	2,270.80
LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	11	-	-
Total non-current liabilities		-	-
Current liabilities			
Financial liabilities			
(i) Borrowings	12	-	305.08
(ii) Trade payables	13	-	-
- Total outstanding dues of micro and small enterprises		-	-
-Total outstanding dues of creditors other than micro and small enterprises		1.08	1.00
(iii) Other financial liabilities	14	-	75.33
Other current liabilities	15	0.18	0.28
Total current liabilities		1.26	381.69
TOTAL EQUITY AND LIABILITIES		2,648.58	2,652.49
Material accounting policies	3		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For S.C. Kwatra & Co
Chartered Accountants
Firm's Registration No.:004232N


(M.M Kwatra)
Partner
Membership No. :083756



For and on behalf of the Board of Directors of
DCM Shriram Fine Chemicals Limited


(Akshay Dhar)
Whole Time Director
DIN : 01078392


(Vineet Manaktala)
Director
DIN : 09145644


(Pawan Kumar Lakhota)
Company Secretary

Place : New Delhi
Date : May 27, 2024

DCM Shriram Fine Chemicals Limited
Statement of profit and loss for the year ended March 31,2024

Particulars	Notes	For the year ended	For the year ended
		March 31, 2024	March 31, 2023
		Rs. lakhs	Rs. lakhs
Income			
Revenue from operations		-	-
Other income		-	-
Total Income		<u>-</u>	<u>-</u>
Expenses			
Finance costs	16	20.08	12.14
Depreciation and amortisation expenses	17	4.07	1.34
Other expenses	18	10.61	21.37
Total expenses		<u>34.76</u>	<u>34.85</u>
(Loss) before tax		(34.76)	(34.85)
Tax expense:			
Current tax		-	-
Deferred tax (credit)/charge		-	-
		<u>-</u>	<u>-</u>
Loss for the period		(34.76)	(34.85)
Other comprehensive income/(expense), net of taxes		<u>-</u>	<u>-</u>
Total comprehensive loss for the period, net of taxes		(34.76)	(34.85)
Earnings/(loss) per equity share (face value Rs 2 per share)	20		
- Basic /diluted		(0.03)	(0.05)
Material accounting policies	3		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For S.C. Kwatra & Co
Chartered Accountants
Firm's Registration No.:004232N

M.M Kwatra

(M.M Kwatra)
Partner
Membership No. :083756



For and on behalf of the Board of Directors of
DCM Shriram Fine Chemicals Limited

Akshay Dhar

(Akshay Dhar)
Whole Time Director
DIN : 01078392

Vineet Manaktala

(Vineet Manaktala)
Director
DIN : 09145644

Pawan Kumar Lakhotia

(Pawan Kumar Lakhotia)
Company Secretary

Place : New Delhi
Date : May 27, 2024

DCM Shriram Fine Chemicals Limited

Statement of cash flows for the year ended March 31, 2024

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
	Rs. lakhs	Rs. lakhs
A CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	(34.76)	(34.85)
Adjustments for:		
Finance costs	20.08	12.14
Depreciation and amortisation expenses	4.07	1.34
Operating loss before change in assets and liabilities	(10.61)	(21.37)
Change in assets and liabilities		
(Increase)/decrease in financial assets	-	(0.40)
(Increase)/decrease in other assets	(0.88)	(3.46)
Increase/(decrease) in trade payables	0.08	0.55
Increase/(decrease) in other liabilities	(0.10)	(12.47)
Cash generated from/(used in) operating activities post working capital changes	(11.51)	(37.15)
Income tax paid (net)	-	-
Net cash generated from/(used in) used in operating activities (A)	(11.51)	(37.15)
B CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on acquisition of items of property, plant and equipments	(75.33)	(305.37)
Net cash used in investing activities (B)	(75.33)	(305.37)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Deferred Liability	(305.08)	(305.07)
Advance against equity share capital #	411.28	659.63
Finance costs paid	(20.08)	(12.14)
Net cash flow from financing activities (C)	86.12	342.42
Increase/(decrease) in cash and cash equivalents (A+B+C)	(0.72)	(0.10)
Cash and cash equivalents at the beginning of the year	1.61	1.71
Cash and cash equivalents at the end of the year	0.89	1.61
Represented by :		
Balance with bank	0.89	1.61
	0.89	1.61
Reconciliation of liabilities from financing activities:		
- Balance at the beginning of the year	305.08	610.16
- Proceeds	-	-
- Repayments	(305.08)	(305.07)
- Balance at the end of the year	-	305.08

Net of sale of equipments and furnitures to holding company of Rs. Nil during the year ended March 31, 2024 (March 31, 2023: Rs. 2.41 lakhs)

Notes:

The cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash Flows".

As per our report of even date attached

For S.C. Kwatra & Co
Chartered Accountants
Firm's Registration No.:004232N


(M.M. Kwatra)
Partner
Membership No. :083756



For and on behalf of the Board of Directors of
DCM Shriram Fine Chemicals Limited


(Akshay Dhar)
Whole Time Director
DIN : 01078392


(Vineet Manaktala)
Director
DIN : 09145644


(Pawan Kumar Lakhota)
Company Secretary

Place: New Delhi
Date : May 27, 2024

DCM Shriram Fine Chemicals Limited
Statement of changes in equity for the year ended March 31, 2024

A Equity share capital

Particulars	Rs. lakhs
Balance as at March 31, 2022	1.00
Addition during the year	1,999.00
Closing Balance as at March 31, 2023	2,000.00
Addition during the year	-
Closing Balance as at March 31, 2024	2,000.00

B Other equity

Particulars	Rs. lakhs		
	Advance against Equity Share Capital	Retained Earnings	Total
Balance as at March 31, 2022	1,670.64	(25.62)	1,645.02
Addition during the year (net)	659.63	-	659.63
Issuance of equity share capital	(1,999.00)	-	(1,999.00)
(Loss) for the year	-	(34.85)	(34.85)
Balance as at March 31, 2023	331.27	(60.47)	270.80
Addition during the year	411.28	-	411.28
(Loss) for the year	-	(34.76)	(34.76)
Balance as at March 31, 2024	742.55	(95.23)	647.32

-Retained earnings: Retained earnings, when positive is a free reserve available to the company.

Material Accounting Policies- refer note 3

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For S.C. Kwatra & Co
Chartered Accountants
 Firm's Registration No.:004232N

For and on behalf of the Board of Directors of
DCM Shriram Fine Chemicals Limited

M.M Kwatra

(M.M Kwatra)
 Partner
 Membership No. :083756



Place : New Delhi
 Date : May 27, 2024

Akshay Dhar

(Akshay Dhar)
 Whole Time Director
 DIN : 01078392

Vineet Manaktala

(Vineet Manaktala)
 Director
 DIN : 09145644

Pawan Kumar Lakhotia

(Pawan Kumar Lakhotia)
 Company Secretary

DCM Shriram Fine Chemicals Limited
Notes to the Financial Statements for the period ended March 31, 2024

1 Corporate Information

DCM Shriram Fine Chemicals Limited (the “Company”) is a Public Limited Company incorporated on 29th September 2021 in India and having its registered office at Kanchenjunga Building, 6th Floor, 18, Barakhamba Road, New Delhi – 110001. It is a wholly owned subsidiary of DCM Shriram Industries Limited (Holding company). The main objects of the Company are production and sale of chemicals and their by-products and to undertake contract manufacturing of chemical products.

2 Basis of preparation of financial statements

a) Statement of Compliance

These financial Statements (“Financial Statements”) of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act, as applicable.

These Financial Statements of the Company for the year ended March 31, 2024, are approved by the Board of Directors on May 27, 2024.

b) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company’s functional currency. All amounts have been rounded off to the nearest lakhs, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention.

d) Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

- Assessment of useful life of property, plant and equipment – notes 3(b)
- Estimated impairment of financial assets and non-financial assets – notes 3(e) & 3(j)

3. Material accounting policies

a) Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



DCM Shriram Fine Chemicals Limited
Notes to the Financial Statements for the period ended March 31, 2024

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle,
- It is held primarily for the purpose of being traded,
- It is expected to be realised within 12 months after the reporting date, or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of noncurrent financial assets. All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the company's normal operating cycle,
- It is held primarily for the purpose of being traded,
- It is due to be settled within 12 months after the reporting date, or
- The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Property, plant and equipment (PPE)

(i) Recognition and initial measurement

All items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation/ amortization and accumulated impairment losses, if any.

Cost of acquisition or construction of property, plant and equipment comprises its purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Capital work-in-progress is stated at cost, net of impairment loss, if any.

The cost of self-constructed property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition and location for their intended use, and the estimated cost of dismantling and removing the items and restoring the site on which they are located. Interest cost incurred for constructed assets is capitalised up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

When parts of an item of property, plant and equipment having significant cost have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognized.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising on



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Notes to the Financial Statements for the period ended March 31, 2024

disposal of property, plant and equipment is recognized in the Statement of Profit and Loss. Incomes and expenses related to the incidental operations not necessary to bring the item to the location and the condition necessary for it to be capable of operating in the manner intended by Management are recognized in the Statement of profit and loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

Gains or losses arising from de-recognition of property, plant and equipment 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 and Loss when the asset is derecognized.

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

(ii) Subsequent expenditure

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured.

(iii) Depreciation

Depreciation is provided on a pro-rata basis using the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

Leasehold land (being in the nature of perpetual lease) are not depreciated.

Depreciation methods, useful lives and residual values are reviewed in each financial period, and changes, if any, are accounted for prospectively.

c) Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of products is transferred to the customer. Amounts disclosed as revenue are net of returns and allowances, trade discounts and rebates. The Company collects Goods and Services Tax on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, these are excluded from the revenue. At contract inception, the Company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The timing of the transfer of Control varies depending on individual terms of the sales agreements.

Revenue is measured based on the transaction price, which is the consideration, adjusted for variable consideration such as volume discounts, cash discounts etc. as specified in the contract with the customer.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.



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Notes to the Financial Statements for the period ended March 31, 2024

d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income (OCI).

- Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current tax is recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

- Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the



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Notes to the Financial Statements for the period ended March 31, 2024

“cash-generating unit”, or “CGU”). In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

f) Provisions and contingent liabilities

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.

Provisions are measured at management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period., If the effect of the 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 recognised as a finance cost.

A provision for onerous contract is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on assets associated.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs. Contingent Liabilities in respect of show cause notices are considered only when converted into demands.

g) Borrowing cost

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted



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Notes to the Financial Statements for the period ended March 31, 2024

average cost of general borrowing that are outstanding during the period and used for the acquisition of the qualifying asset.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

h) Earnings per share (EPS)

Basic earnings / (loss) per share are calculated by dividing the net profit or loss for the period attributable to the shareholders of the Company by the weighted average number of equity shares outstanding at the end of the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus / rights issue, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

i) 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.

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. It regularly reviews significant inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on:
- Financial assets measured at amortized cost; and



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- Financial assets measured at Fair value through other comprehensive Income (FVOCI)– debt instruments.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred

Financial liabilities

Financial liabilities are classified as measured at amortized cost or Fair value through profit and loss (FVTPL). A financial liability is classified as at FVTPL 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 FVTPL are measured at fair value and net gains and losses, including gany interest expense, are recognized in the 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 the statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount is 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 assets and settle the liabilities simultaneously.

j) Cash and cash equivalents

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

k) Goods and Service tax input credit

Goods and services tax input credit is recognised in the books of accounts in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits. [Also refer note no. 30]

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

1. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
2. When receivables and payables are stated with the amount of tax included The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Recent Accounting Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing Standards applicable to the Company.



4. Property, plant and equipment and capital work-in-progress

Particulars	Rs. lakhs							
	Leasehold Land *	Building	Vehicle	Office equipment	Furniture and fixtures	Total	Capital work-in-progress	
Gross carrying amount as at March 31, 2022	2,034.18	-	-	1.07	1.06	2,036.31	1.17	
Additions during the year	256.32	127.02	0.42	0.08	-	383.84	382.17	
Less: Disposals/Adjustments/Capitalised during the year	-	-	-	1.15	1.06	2.21	383.34	
Balance as at March 31, 2023	2,290.50	127.02	0.42	-	-	2,417.94	-	
Additions during the period	-	-	-	-	-	-	-	
Less: Disposals/Adjustments/Capitalised during the period	-	-	-	-	-	-	-	
Balance as at March 31, 2024	2,290.50	127.02	0.42	-	-	2,417.94	-	
Accumulated Depreciation as at March 31, 2022	-	-	-	0.02	#	0.02	-	
Depreciation expense for the year	-	1.09	0.03	0.14	0.08	1.34	-	
Less: Disposals / adjustments during the year	-	-	-	0.16	0.08	0.24	-	
Balance as at March 31, 2023	-	1.09	0.03	-	-	1.12	-	
Depreciation expense for the period	-	4.03	0.04	-	-	4.07	-	
Less: Disposals / adjustments during the period	-	-	-	-	-	-	-	
Balance as at March 31, 2024	-	5.12	0.07	-	-	5.19	-	
Net carrying amount								
As at March 31, 2024	2,290.50	121.90	0.35	-	-	2,412.75	-	
As at March 31, 2023	2,290.50	125.93	0.39	-	-	2,416.82	-	

Represents Rs.469

* In respect of leasehold land, the lease deed is yet to be executed - Refer note no. 29

Notes:

- 1) For contractual commitments on capital account, refer note 22 (a).
- 2) Borrowing cost capitalised during the year Rs. Nil (March 31, 2023: Rs. 39.95 Lakhs with a capitalisation rate of 10.50% p.a.).
- 3) Leasehold land is in the nature of perpetual lease.



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5. Other financial assets - non current (Unsecured, considered good, unless otherwise stated)	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Security deposit (To parties other than related parties)	0.90	0.90
Total	0.90	0.90

6. Other non current assets (Unsecured, considered good, unless otherwise stated)	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Balances with government authorities (refer note 30)	233.93	233.10
Total	233.93	233.10

7. Cash and cash equivalents	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Balances with bank - On current account	0.89	1.61
Total	0.89	1.61

8. Other current assets (unsecured, considered good unless otherwise stated)	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Others		
- Prepaid expenses	0.05	0.06
- Other Receivables	0.06	-
Total	0.11	0.06



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Notes to financial statements for the year ended March 31, 2024

9. Equity share capital	As at	As at
	March 31, 2024	March 31, 2023
	Rs. lakhs	Rs. lakhs
Authorised		
12,50,00,000 (March 31, 2023: 12,50,00,000) equity shares of Rs. 2 each	2,500.00	2,500.00
	<u>2,500.00</u>	<u>2,500.00</u>
Issued subscribed and fully paid up		
10,00,00,000 (March 31, 2023: 10,00,00,000) equity shares of Rs. 2 each fully paid up	2,000.00	2,000.00
	<u>2,000.00</u>	<u>2,000.00</u>

a) Terms, rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is eligible for one vote per share held. 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 amount. The distribution will be in proportion to the equity shares held by the shareholder.

b) Issue of shares for other than cash

There were no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash.

c) 100% of the shareholding is held by the promoter, DCM Shriram Industries Limited, the holding company as at March 31, 2024 and March 31, 2023. These include 6 equity shares held by other equity shareholders as nominee on behalf of the DCM Shriram Industries Limited, the holding company.

d) Reconciliation of Shares outstanding at the beginning and at the end of reporting period:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Shares	Amount Rs. lakhs	Number of Shares	Amount Rs. lakhs
Equity Shares				
At the commencement of the year	10,00,00,000	2,000	50,000	1.00
Add: Shares issued during the year	-	-	9,99,50,000	1,999.00
At the end of the year	10,00,00,000	2,000	10,00,00,000	2,000.00



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Notes to financial statements for the year ended March 31, 2024

10. Other equity	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
(a) Advance against equity share capital from DCM Shriram Industries Limited, the holding company		
Balance as at the beginning of the year	331.27	1,670.64
Addition during the year (net)	411.28	659.63
Less: Issuance of equity share capital during the year	-	(1,999.00)
Balance at the end of the year	742.55	331.27
(b) Retained earnings		
Balance as at the beginning of the year	(60.47)	(25.62)
Less: Loss for the year	(34.76)	(34.85)
Balance at the end of the year	(95.23)	(60.47)
Total	647.32	270.80

11. Borrowings-Non current	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
From parties other than related Parties		
Secured		
Deferred payment liability*	-	305.08
	-	305.08
Less: Current maturity of deferred payment liability	-	305.08
Total	-	-

* Deferred payment liability pertains to amount payable to Gujarat Industrial Development Corporation (GIDC) against the land leases from them. The amount carries interest @ 10.50% p.a, and the amount has been paid fully upto March 2024. The possession of the land allotted by 'GIDC' has been taken and the lease deed is pending to be executed (Refer note 29).

12. Borrowings-Current	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
From parties other than related Parties		
Secured		
Current maturities of long term borrowings (refer note 11)	-	305.08
	-	305.08



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Notes to financial statements for the year ended March 31, 2024

13. Trade payables *	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	1.08	1.00
	<u>1.08</u>	<u>1.00</u>

* Refer note no. 32

-Ageing of trade payables is as under

Rs. Lakhs

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024					
MSME	-	-	-	-	-
Others	1.08	-	-	-	1.08
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Total	1.08	-	-	-	1.08
As at March 31, 2023					
MSME	-	-	-	-	-
Others	1.00	-	-	-	1.00
Disputed dues – MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Total	1.00	-	-	-	1.00

14. Other financial liabilities - current

	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Creditors for capital purchases	-	75.33
Total	<u>-</u>	<u>75.33</u>

15. Other current liabilities

	As at March 31, 2024	As at March 31, 2023
	Rs. lakhs	Rs. lakhs
Statutory dues	0.18	0.28
Total	<u>0.18</u>	<u>0.28</u>



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Notes to financial statements for the year ended March 31, 2024

16. Finance costs	For the year ended March 31, 2024	For the year ended March 31, 2023
	Rs. lakhs	Rs. lakhs
Interest on deferred payment liability	20.02	12.10
Other borrowing costs - Bank charges	0.06	0.04
	20.08	12.14

17. Depreciation and amortisation expenses	For the year ended March 31, 2024	For the year ended March 31, 2023
	Rs. lakhs	Rs. lakhs
Depreciation on property, plant and equipment	4.07	1.34
	4.07	1.34

18. Other expenses	For the year ended March 31, 2024	For the year ended March 31, 2023
	Rs. lakhs	Rs. lakhs
Repair and maintenance	2.93	0.27
Legal and professional charges	4.92	11.19
Payment to auditors		
- Statutory audit fee	0.85	0.85
- Verification of statements and other records	0.35	0.15
- Out of pocket expenses	0.07	-
Rates and taxes	0.05	0.42
Rent office	-	1.71
Travelling expenses	0.85	5.65
Miscellaneous expenses	0.59	1.13
	10.61	21.37



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Notes to financial statements for the year ended March 31, 2024

19. Income tax

As the operations of the company are yet to commence, no current tax and deferred tax asset on losses has been recognised.

20. Earnings per share

Earning per share (EPS) is determined based on the net profit attributable to the shareholders before other comprehensive Income. Basic earning per share is computed using the weighted average number of equity shares outstanding during the year whereas Diluted Earning per share is computed using the weighted average number of common and dilutive equivalent shares except for the case where the result becomes anti-dilutive.

Particulars	UOM	For the year ended March 31, 2024	For the year ended March 31, 2023
(Loss) after tax attributable to the equity shareholders	Rs. lakhs	(34.76)	(34.85)
Weighted average number of equity shares outstanding	No.	10,00,00,000	6,65,78,545
Nominal Value per share	Rs.	2.00	2.00
Basic and Diluted Earnings/(Loss) per share	Rs.	(0.03)	(0.05)



DCM Shriram Fine Chemicals Limited

Notes to financial statements for the year ended March 31, 2024

21. Disclosure of related party transactions

a) List of related parties as per the requirements of Ind-AS 24 - Related Party Disclosures

Holding Company

DCM Shriram Industries Limited

Fellow Subsidiaries

Daurala Foods & Beverages Private Limited

DCM Shriram International Limited

Associate of Holding Company

DCM Hyundai Limited

Key Management Personnel

Mr. Akshay Dhar, Whole Time Director (w.e.f.06.12.2022) and CEO (w.e.f. 07.12.2022)

Ms. Urvashi Tilak Dhar, Director (w.e.f. 06.12.2022)

Mr. Alok B. Shriram, Director (upto 06.12.2022)

Mr. Madhav B. Shriram, Director (Upto 06.12.2022)

Mr. Vineet Manaktala, Director (since incorporation) and CFO (w.e.f. 07.12.2022)

Mr. Pawan Kumar Lakhotia, Company Secretary (w.e.f. 19.05.2022)

b) Transactions during the year with related parties

Rs. lakhs

S. No.	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
		Holding Company *	Holding Company *
1	Payment by holding company on behalf of the company	-	1.79
2	Funds transferred from holding company	411.28	660.25
3	Equity shares issued to holding company	-	1,999.00
4	Sale of property, plant and equipment	-	2.41
	Balances outstanding at the year end		
	Advance against equity share capital	742.55	331.27

* All the monies transferred by the holding company and other amounts due to or payments by the holding company on behalf of the company are appropriated towards advance against equity share capital, to be issued to the holding company.

22. Commitments and Contingencies

a) Capital commitments : Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2024 - Rs. Nil (March 31, 2023 - Rs Nil).

Other commitments: There are other commitments in the normal course of business. The Company does not have any long term commitments / contracts including derivative contracts for which there will be any material foreseeable losses.

b) Contingent liabilities

Claims against the company which are not acknowledged as debts as on March 31, 2024 - Rs. Nil (March 31, 2023 Rs. Nil).



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Notes to financial statements for the year ended March 31, 2024

23. Fair value Hierarchy

All financial instruments are carried at amortised cost. Details are as under :

Particulars	Carrying value	
	As at	As at
	March 31, 2024	March 31, 2023
	Rs lakhs	Rs lakhs
Financial assets		
Non-Current		
- Other financial assets	0.90	0.90
Current		
- Cash and Cash equivalents	0.89	1.61
Total financial assets	<u>1.79</u>	<u>2.51</u>
Financial liabilities		
Non Current		
- Borrowings	-	-
Current		
- Borrowings	-	305.08
- Trade payables	1.08	1.00
- Others	-	75.33
Total financial liabilities	<u>1.08</u>	<u>381.41</u>

a) The Management has assessed that cash and cash equivalents, trade payables, other current financial assets and financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

b) The carrying amount of financial assets and financial liabilities carried at amortized cost is considered a reasonable approximation of fair value.



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Notes to financial statements for the year ended March 31, 2024

24. Financial Risk Management Objectives and Policies

The Company's financial risk management is carried out under policies approved by the board of directors. The Company is exposed to credit risk and liquidity risk.

The Company's financial liabilities comprises of trade payables, other payables, deferred payment liabilities and capital creditors. The company's financial assets comprises of cash and cash equivalents and security deposits.

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company has not commenced operations and at present is not exposed to credit risk from its operating activities and from its financing activities, including deposits with banks.

The company does not have trade receivables as on March 31, 2024 and March 31, 2023.

Credit risk on cash and cash equivalents is limited as the company transacts with bank with high credit ratings

Other financial assets do not have any significant credit risk.

(B) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The company has adequate sources of financing including advance towards equity capital from the holding company.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Carrying amount	0 - 1 year	1 to 5 years	More than 5 years	Rs. lakhs Total
As at March 31, 2024					
Trade Payables	1.08	1.08	-	-	1.08
Borrowings	-	-	-	-	-
Others	-	-	-	-	-
	1.08	1.08	-	-	1.08
As at March 31, 2023					
Trade Payables	1.00	1.00	-	-	1.00
Borrowings	305.08	305.08	-	-	305.08
Others	75.33	75.33	-	-	75.33
	381.41	381.41	-	-	381.41

Interest rate risk

The deferred payment liabilities of the Company are at a fixed rate of interest and therefore, there is no interest rate risk.



DCM Shriram Fine Chemicals Limited
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25. Capital management

i) For the purpose of Company's capital management, capital includes issued equity capital, advance against equity share capital and all other equity reserves attributable to the equity holders of the parent company.

ii) The primary objective of the Company's capital management is to maximise the shareholder value and also ensure ability to continue as a going concern. In order to maintain the optimal balance of Debt and Capital, the Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

iii) The Company monitors Capital & Debt balance using Capital Gearing ratio, which is net debt divided by total equity.

Particulars	As	at	As	at
	March 31, 2024		March 31, 2023	
	Rs lakhs		Rs lakhs	
Deferred payment liabilities (Refer note 11)	-	-	305.08	-
Less: Cash and Cash Equivalents (Refer note 7)	0.89	-	1.61	-
Adjusted net debt (A)	-	-	303.47	-
Total equity (B)	2,647.32	-	2,270.80	-
Adjusted net debt to total equity ratio (A/B)	Nil	-	13.36%	-



DCM Shriram Fine Chemicals Limited
Notes to financial statements for the year ended March 31, 2024

26. Ratios

Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	Variance
Current Ratio	Current assets	Current liabilities	0.79	0.01	100% #
Debt-Equity ratio	Total Debt*	Shareholders Equity	0.00	0.13	-100% @

*represents deferred payment liabilities.

Increased due to repayment of deferred payment liability fully

@ Decreased due to increase in shareholders equity and repayment of deferred payment liability fully.

The company is yet to commence its operations and has no earnings during the period ended March 31, 2024 and March 31, 2023. As such, other ratios i.e Debt service coverage ratio, Return on equity, Trade receivables turnover ratio, Trade payables turnover ratio, Net capital turnover ratio, Net profit ratio, Return on capital employed and Return on investment are not applicable.

27. In view of the management, the current assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet as at March 31, 2024 and March 31, 2023.

28. Since the company has not yet started operations, segment reporting in accordance with Ind AS 108 – "Operating Segments" is not applicable.

29. Immovable properties yet to be endorsed in the name of Company are as under :

Particulars	Amount as on March 31, 2024	Amount as on March 31, 2023	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since	Rs. lakhs
					Reason for not being held in the name of the company
Leasehold Land					
Leasehold land at Dahej, Gujarat *	2,290.50	2,290.50	No	Dec-21	The execution of lease deed in respect of 80,980.266 square meters of leasehold land allotted to the Company is pending. The lease deed will be executed after the stipulations and conditions in terms of the Form of Agreement with GIDC are met.

* including land development expenditure.

30. The company has availed but not utilized, input credit of Goods and Services Tax (GST) amounting to Rs. 229.02 lakhs (March 31, 2023: Rs. 229.02 lakhs) being paid on transfer of leasehold rights in respect of the leasehold land at Dahej, Gujrat by the holding company, DCM Shriram Industries Limited, on the basis of legal advice that the company has a good case for availing the credit. The management is confident that the said GST input credit would be allowed to be utilized once the Company starts commercial activities and is liable to pay GST on its products.

31. The company has received an advance of Rs. 742.55 lakhs (March 31, 2023: Rs. 331.27 lakhs) against equity share capital from its holding company which will be appropriated towards the issue of equity share capital post completion of formalities, compliance under the Companies Act 2013 including increase in authorised share capital.

32. Parties covered under "The Micro, Small and Medium Enterprise Development Act, 2006" (MSMED Act, 2006) have been identified on the basis of confirmation received. The disclosures pursuant to the said MSME Act are as follows:

Particulars	(Rs.Lakhs)	
	As at March 31, 2024	As at March 31, 2023
(a) Amount remaining unpaid to suppliers under MSMED (suppliers) as at the end of year.		
- Principal amount	-	-
-Interest due thereon	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-



33. The Company has completed land development activities and is evaluating for a set of organic/ inorganic chemicals which are in line with the Holding Company's technical capabilities and assessing their market potential.

34. Additional Regulatory information:

i) The Company does not have any benami property, and no proceeding has been initiated against the Company for holding any benami property.

ii) The Company does not have any transactions with struck off companies.

iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

iv) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) 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

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) 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

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

vii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

35. The Board of Directors in the meeting held on 14 November, 2023 approved a Composite Scheme of Arrangement ("the Scheme") between DCM Shriram Industries Limited and DCM Shriram Fine Chemicals Limited (the Company) and DCM Shriram International Limited (wholly owned subsidiaries of DCM Shriram Industries Limited) and Lily Commercial Private Limited, for amalgamation of Lily Commercial Private Limited with DCM Shriram Industries Limited, and subsequent demerger of Chemical and Rayon businesses of DCM Shriram Industries Limited into DCM Shriram Fine Chemicals Limited (the Company) and DCM Shriram International Limited, respectively, with effect from the appointed date of 1 April 2023, subject to regulatory and statutory approvals, as applicable. Pending the necessary approvals, the effect of the Scheme has not been given in the financial statements.

36. Previous period/year figures have been regrouped/rearranged wherever necessary.

As per our report of even date attached
For S.C. Kwatra & Co
Chartered Accountants
Firm's Registration No.:004232N



(M.M Kwatra)
Partner
Membership No. :083756



Place: New Delhi
Date : May 27, 2024

For and on behalf of the Board of Directors of
DCM Shriram Fine Chemicals Limited



(Akshay Dhar)
Whole Time Director
DIN : 01078392



(Vineet Manaktala)
Director
DIN : 09145644



(Pawan Kumar Lakhotia)
Company Secretary

