

INDEPENDENT AUDITORS REPORT

To,
The Members of Shivam Chemicals Limited
(Formerly known as Shivam Chemicals Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of **M/S. SHIVAM CHEMICALS LIMITED (Formerly known as Shivam Chemicals Private Limited)** ('the Holding Company') and its subsidiary (Holding Company and Subsidiary together referred to as 'Group') which comprise the Consolidated Balance Sheet as at 31st March, 2024, the Consolidated Statement of Profit and Loss, and the Consolidated Cash flow statement for the year then ended, and notes to the Consolidated financial statement, including summary of significant accounting policies, and other explanatory information (hereinafter referred to as "**Consolidated Financial Statements**").

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

Basis for Opinion

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated 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 Consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Emphasis of Matter

We draw your attention to Note no 30.22 of the consolidated financial statement which describes that during the Financial Year 2023-24 the Holding Company has migrated from one software to another software. The Company has used an accounting software TEZERP which is



operated by a third-party software service provider, for maintaining its books of account and accordingly we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tempered with.

Also, during the year the Company has migrated to Tally ERP from TEZERP and is in process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.

The Subsidiary Company has not enabled the option of audit trail in the accounting software used and accordingly the records of the audit trail including edit logs are not been preserved by the Company as per the statutory requirements of record retention.

Our Opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the Consolidated 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 Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated 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 on the other information that we obtained prior to the date of this auditor's report, 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 Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance including cash flows & Statement changes in equity of the Company in accordance with the Accounting Standards (AS) 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated 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 Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated 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 Consolidated financial statements, including the disclosures, and whether the Consolidated 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 section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on separate financial statements of its subsidiaries we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements;
 - b. In our opinion proper books of account as required by law in preparation of Consolidated financial statement have been kept by the Company so far as it appears from our examination of those books except that the backup of the books of accounts and other books and paper maintained in electronic mode has not been maintained on servers physically located in India on daily Basis



- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of Holding Company and on the basis of written representation received by the management from directors of its subsidiaries, none of the directors of Group Companies is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. As stated in Emphasis of Matter Paragraph above and note no 30.22 of the Consolidated financial statement, which describes that during the Financial Year 2023-24 the Holding Company has migrated from one software to the other software. Based on our examination, the Holding Company has used an accounting software TEZERP which is operated by a third-party software service provider, for maintaining its books of account and accordingly we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with. Also, during the year the Holding Company has migrated to Tally ERP from TEZERP and is in process of establishing necessary controls and documentations regarding audit trail. Consequently, we are unable to comment on audit trail feature of the said software.
- In subsidiary Company, based on our examination which included test checks, the Company has used an accounting software that had an option to enable the audit trail feature but that feature was not enabled by the Company. Accordingly, the audit trail has not been preserved by the Company as per the statutory requirements for record retention.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197 (16) of the Act which are required to be commented upon by us.
- h. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".



i. 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:

- a) The Group does not have any pending litigation as at March 31, 2024 which would impact its financial position.
- b) The Group did not have any long-term contracts including derivative contracts hence the question of making a provision for any resulting material foreseeable losses does not arise; and
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and its subsidiary company.
- d) (i) The management has represented to us that, to the best of its knowledge and belief no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- ii) The management has represented to us that, to the best of its knowledge and belief no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- iii) Based on our audit procedures 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 (a) and (b) contain any material misstatement.
- e) The Company has not declared or paid any dividend during the year.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and

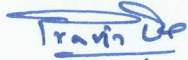


reports issued by respective auditors of its subsidiaries included in the Consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For PSRD & Co.

Chartered Accountants

Firm Registration No. 126390W



Pravin Oza

Partner

Membership No. 119427

UDIN: 24119427BKGFJL4951

Date: 29-5-2024

Place: Mumbai



ANNEXURE A

To the Independent Auditors' Report

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' section of our report of even date to the members of Shivam Chemicals Limited (Formerly known as Shivam Chemicals Private Limited) for the year ended March 31, 2024)

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")

In conjunction with our audit of Consolidated financial statements of the Company as of and for the year ended on March 31, 2024, we have audited the internal financial controls over financial reporting of **SHIVAM CHEMICALS LIMITED** ('the Company') (Formerly known as Shivam Chemicals Private Limited) and its subsidiary companies incorporated in India as of that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies incorporated in India 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 the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by Institute of Chartered Accountants of India.

Management's responsibility for internal financial controls

The respective Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (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.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Consolidated financial statements based on our audit.



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

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

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

Meaning of internal financial controls over financial reporting with reference to these financial statements

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

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Consolidated financial statements to future



periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For PSRD & Co.

Chartered Accountants

Firm Registration No. 126390W



Pravin Oza

Partner

Membership No. 119427

UDIN: 24119427BKGJL4951

Date: 29-5-2024

Place: Mumbai



UDIN:	24119427BKGJL4951
MRN/Name:	119427/PRAVIN CHIRANJILAL OZA
Firm Registration No.:	126390W
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Document Date:	29-05-2024
Create Date/Time:	29-05-2024 16:19:01
Financial Figures/Particulars:	
Financial Year:	01-04-2023-31-03-2024
Gross Turnover/Gross Receipt:	14654.11 lakhs
Shareholder Fund/Owners Fund:	1506.27 lakhs
Net Block of Property, Plant & Equipment:	1549.82 lakhs
Document description:	Independent Audit Report on Consolidated Financial Statement

