

**GUJARAT
FLUOROCHEMICALS
FZE**

**3rd
ANNUAL REPORT**

2023-2024

Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited

Report on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals FZE

Opinion

We have audited the accompanying special purpose Ind AS financial statements of **Gujarat Fluorochemicals FZE** ("the Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the material accounting policies and other explanatory information (hereinafter referred to as the "Financial Statements"). The financial information has been prepared by the management as described in Note 2.1 to these Financial Statements.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act"), of the state of affairs of the Company as at 31 March 2024, its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date in accordance with Note 2.1 to the Financial Statements.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS).

This responsibility also includes maintenance of adequate accounting records 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.



Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals FZE for the year ended 31 March 2024 (continued)

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

The management 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





Independent Auditor's Report to the Board of Directors of Gujarat Fluorochemicals Limited on the Special Purpose Ind AS Financial Statements of Gujarat Fluorochemicals FZE for the year ended 31 March 2024 (continued)

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.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2.1 to the Financial Statements, which describes the basis of accounting. The Financial Statements are prepared to assist the holding Company, Gujarat Fluorochemicals Limited, to comply with the requirements of Section 129(3) of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these Financial Statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted or circulated, or referred to, in correspondence or discussion, in whole or in part or distributed to anyone other than the purpose for which it has been issued without our prior written consent.

For Patankar & Associates,
Chartered Accountants
Firm's Registration No. 107628W



Sandesh S Malani
Partner
Membership No. 110051

Place: Pune
Date: 3 May 2024
UDIN: 24110051BKCUJR8887



Gujarat Fluorochemicals FZE
Balance Sheet as at 31 March 2024

(Rs. in Lakhs)

Particulars	Notes	As at 31 March 2024	As at 31 March 2023
ASSETS			
(1) Non-current assets			
(a) Property Plant & Equipment	5	8,147.81	-
(b) Capital Work in Progress	6	-	2,819.42
(c) Right of use assets	29	1,934.71	2,009.57
(d) Financial assets			
(i) Other financial assets	7	2.19	-
(e) Other non-current assets	8	-	100.59
Sub-total		10,084.71	4,929.58
(2) Current assets			
(a) Inventories	9	1,292.68	-
(b) Financial assets			
(i) Trade receivables	10	1,499.59	-
(ii) Cash & cash equivalents	11	219.56	100.65
(iii) Other financial assets	7	-	0.75
(c) Other current assets	8	193.96	109.48
Sub-total		3,205.79	210.88
Total Assets		13,290.50	5,140.46
EQUITY & LIABILITIES			
(1) Equity			
(a) Share capital	12	7,931.16	61.59
(b) Other equity	13	(980.09)	1,358.25
Sub-total		6,951.07	1,419.84
LIABILITIES			
(2) Non-current liabilities			
(a) Financial Liabilities			
(i) Lease liabilities	29	2,344.00	2,263.94
Sub-total		2,344.00	2,263.94
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	1,136.09	1,048.00
(ii) Lease liabilities	29	2.80	-
(iii) Trade payables	15	2,801.87	33.96
(iv) Other financial liabilities	16	54.67	374.72
Sub-total		3,995.43	1,456.68
Total Equity & Liabilities		13,290.50	5,140.46

The accompanying notes are an integral part of the financial statements

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

S.S. Malani

Sandesh S Malani
Partner
Membership No. 110051
Place: Pune
Date: 3 May 2024



For Gujarat Fluorochemicals FZE

Jitendra Gaur

Jitendra Gaur
Manager

Place: Dubai
Date: 3 May 2024

Gujarat Fluorochemicals FZE
Statement of Profit and Loss for the year ended 31 March 2024

(Rs. in Lakhs)

Particulars	Notes	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from operations	17	3,715.78	-
Total income		3,715.78	-
Expenses			
Cost of materials consumed	18	4,179.14	-
Changes in inventory of stock-in-trade	19	(749.63)	-
Power and fuel		10.11	-
Employee benefits expense	20	272.08	-
Finance costs	21	215.47	-
Depreciation	22	276.75	-
Other expenses	23	504.20	48.27
Total expenses		4,708.12	48.27
Loss before tax		(992.34)	(48.27)
Tax expense	24	-	-
Loss for the year		(992.34)	(48.27)
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences on translating the financial statements of foreign operations		57.01	9.24
Total other comprehensive income		57.01	9.24
Total comprehensive income for the year (comprising loss and other comprehensive income for the year)		(935.33)	(39.03)
Basic and Diluted loss per equity share	32	(99.43)	(482.70)

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

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

S.S. Malani

Sandesh S Malani
Partner
Membership No. 110051
Place: Pune
Date: 3 May 2024



For Gujarat Fluorochemicals FZE

Jitendra Gaur

Jitendra Gaur
Manager

Place: Dubai
Date: 3 May 2024

Gujarat Fluorochemicals FZE

Statement of changes in equity for the year ended 31 March 2024

A. Share capital	(Rs. in Lakhs)
Balance as at 1 April 2022	61.59
Changes in equity share during the year	-
Balance as at 31 March 2023	61.59
Changes in equity share during the year	7,869.57
Balance as at 31 March 2024	7,931.16

B. Other Equity				(Rs. in Lakhs)
Particulars	Share application money pending allotment	Reserves & Surplus	Other comprehensive income	Total
		Retained earnings	Foreign currency translation reserve	
Balance as at 1 April 2022	-	(5.91)	0.18	(5.73)
Loss for the year	-	(48.27)	-	(48.27)
Other comprehensive income for the period	-	-	9.24	9.24
Total comprehensive income for the period	-	(54.18)	9.42	(44.76)
Share application money received	1,403.01	-	-	1,403.01
Balance as at 31 March 2023	1,403.01	(54.18)	9.42	1,358.25
Loss for the year	-	(992.34)	-	(992.34)
Other comprehensive income for the year	-	-	57.01	57.01
Total comprehensive income for the year	-	(992.34)	57.01	(935.33)
Shares Issued during the year	(1,403.01)	-	-	(1,403.01)
Balance as at 31 March 2024	-	(1,046.52)	66.43	(980.09)

As per our report of even date attached
For Patankar & Associates
 Chartered Accountants
 Firm's Registration No. 107628W

S.S. Malani

Sandesh S Malani
 Partner
 Membership No. 110051

Place: Pune
 Date: 3 May 2024



For Gujarat Fluorochemicals FZE

Jitendra Gaur

Jitendra Gaur
 Manager

Place: Dubai
 Date: 3 May 2024

Gujarat Fluorochemicals FZE
Statement of Cash Flows for the year ended 31 March 2024

(Rs. in Lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
A Cash flow from operating activities		
Loss for the year	(992.34)	(48.27)
Adjustments for :		
Depreciation	276.75	-
Finance costs	215.47	-
Exchange difference on translation of assets and liabilities	78.40	38.22
Operating profit before working capital changes	(421.72)	(10.05)
Adjustments for :		
(Increase)/decrease in inventories	(1,292.68)	-
(Increase)/decrease in trade receivables	(1,499.59)	-
(Increase)/decrease in other financial assets	(1.44)	(0.27)
(Increase)/decrease in other assets	(84.48)	(107.52)
Increase/(decrease) in trade payables	2,767.90	25.49
Increase /(decrease) in other financial liabilities	1.30	29.62
Net cash used in operating activities	(530.71)	(62.73)
B Cash flow from investing activities		
Purchase of property, plant and equipment (including changes in capital work in progress and capital creditors/capital advances)	(5,631.58)	(2,266.06)
Net cash used in investing activities	(5,631.58)	(2,266.06)
C Cash flow from financing activities		
Proceeds from/(repayment of) current borrowings (net)	-	977.77
Shares issued during the year (including share application money received)	6,466.56	1,403.01
Payment of lease liabilities	(185.36)	(13.23)
Net cash generated from financing activities	6,281.20	2,367.55
Net increase in cash and cash equivalents	118.91	38.76
Cash and cash equivalents as at the beginning of the year	100.65	61.89
Cash and cash equivalents as at the end of the year	219.56	100.65

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Gujarat Fluorochemicals FZE
Statement of Cash Flows for the year ended 31 March 2024 - continued

Changes in liabilities arising from financing activities during the year ended 31 March 2024

(Rs. in Lakhs)

Particulars	Current Borrowings	
	Year ended 31 March 2024	Year ended 31 March 2023
Opening balance	1,048.00	-
Cash flows	-	977.77
Interest expenses	71.16	41.07
Foreign exchange loss (net)	16.93	29.16
Closing balance	1,136.09	1,048.00

Notes:

- 1) The above statement of cash flows has been prepared under the indirect method.
- 2) Components of cash and cash equivalents are as per Note 11.
- 3) The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **Patankar & Associates**

Chartered Accountants

Firm's Registration No. 107628W

S.S. Malani

Sandesh S Malani

Partner

Membership No. 110051

Place: Pune

Date: 3 May 2024



For Gujarat Fluorochemicals FZE

Jitendra Gaur

Jitendra Gaur

Manager

Place: Dubai

Date: 3 May 2024

Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

1. Company information

Gujarat Fluorochemicals FZE ("the Company") is incorporated in Dubai on 5 December 2021 and is a wholly owned subsidiary of Gujarat Fluorochemicals Limited ("the Holding Company"). The Company has commenced its commercial operations during the year. The Company is mainly engaged in the business of manufacturing of HFC blends of R410a and R407c refrigerants. The sales activities of the Company are mainly in UAE and other Gulf Cooperation Council (GCC) region.

The Company's registered office is situated at Plot No. S61201, Street 1700, Jebel Ali Free Zone, South 6, 122219, Dubai, UAE.

2. Statement of compliance and basis of preparation and presentation

2.1 Statement of Compliance

These special purpose financial statements of the Company comply in all material aspects with the Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, relevant provisions of the Act and other accounting principles generally accepted in India and are prepared for the purpose of preparation of consolidated financial statements of the holding company, Gujarat Fluorochemicals Limited, India. Accounting policies have been consistently applied except where a newly issued accounting standards initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use (see Note 2.3) and the disclosures in respect of significant accounting policies are made accordingly.

These financial statements were authorized for issue by the Company's Board of Directors on 3 May 2024.

2.2 Basis of preparation, presentation and measurement

The functional currency of the Company is United Arab Emirates Dirham. However, for purposes of compliance with the requirements of the Act, as aforesaid, these financial statements have been translated into Indian Rupees, being presentation currency, in accordance with the methodology prescribed for conversion of financial statements in Indian Accounting Standard (Ind-AS) 21: Effects of Changes in Foreign Exchange Rates. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

For the purpose of presenting these financial statements, the assets and liabilities of the Company are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

These financial statements have been prepared on an accrual basis and under the historical cost basis except certain financial assets and liabilities are measured at fair value or amortised cost (refer accounting policy regarding financial instruments);

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Any asset or liability is classified as current if it satisfies any of the following conditions:

- the asset/liability is expected to be realized/settled in the Company's normal operating cycle;
- the asset is intended for sale or consumption;
- the asset/liability is held primarily for the purpose of trading;
- the asset/liability is expected to be realized/settled within twelve months after the reporting period;
- the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
- in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of products or services and the time between the acquisition of assets or inventories for processing and their realisation in cash and cash equivalents.

2.3 Amendments of existing accounting standards and recent accounting pronouncements

a) Amendments to existing accounting standards:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. As per Notification dated 31 March 2023, amendments to the existing standards have been notified and these amendments are effective from 1 April 2023. The summary of these amendments is as under:

- Amendments to Ind AS 1 Presentation of Financial Statements: The amendments require the entities to disclose their material accounting policies rather than their significant accounting policies.
- Amendments to Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments have introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.
- Amendments to Ind AS 12 Income Taxes: The amendments have narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and off-setting temporary differences.

The above amendments did not have any impact on the financial statements of the Company.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

b) New accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules. There is no such notification which is applicable from 1 April 2024.

3. Material Accounting Policies

3.1 Revenue recognition

Revenue from contract with customers is recognized when the Company satisfies the performance obligation by transfer of control of promised product or service to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes collected from customers.

Sale of products: Revenue from sale of products is recognized when the control of the goods has been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e. when the material is shipped to the customer or on delivery to the customer, as per the terms of the contract.

No element of financing is deemed present as the payment of transaction price is either made in advance / due immediately at the point of sale or the sales are generally made with a credit term of less than 90 days, which is consistent with the market practice. There are no contracts where the period between the transfer of promised goods or services to the customers and payment by the customers exceed one year. Consequently, no adjustment is required to the transaction price for the time value of money.

Contract balances:

The Company classifies the right to consideration in exchange for deliverables as trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. Contract liabilities are presented as 'Advances from customer'.

3.2 Property, plant and equipment

An item of Property, Plant and Equipment (PPE) that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, property, plant and equipment are carried at cost, as reduced by accumulated depreciation and impairment losses, if any.

The Company identifies and determines cost of each part of an item of property, plant and equipment separately, if the part has a cost which is significant to the total cost of that item of property, plant and equipment and has useful life that is materially different from that of the remaining item.

Cost comprises of purchase price / cost of construction, including non-refundable taxes or levies and any expenses attributable to bring the PPE to its working condition for its intended use. Project pre-operative expenses and expenditure incurred during construction period are capitalized to various eligible PPE. Borrowing costs directly attributable to acquisition or construction of qualifying PPE are capitalized.

Spare parts, stand-by equipment and servicing equipment that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Costs in nature of repairs and maintenance are recognized in the Statement of Profit and Loss as and when incurred.



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Expenses those are capitalised are considered as pre-operative expenses and are disclosed under capital work-in-progress until the project is capitalised. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as 'Other Non-Current Assets'.

Depreciation is recognised so as to write off the cost of PPE (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The useful lives prescribed in Schedule II to the Companies Act, 2013 are considered as the minimum lives. If the management's estimate of the useful life of a property, plant and equipment at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

PPE are depreciated over its estimated useful lives as per Part C of Schedule II to the Companies Act, 2013.

Type of Asset	Estimates useful life of asset
Buildings	30 to 60 years
Plant, machinery and equipments	10 to 20 years
Furniture and fixtures	10 years
Computers	3 years
Office equipments	5 years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.3 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted. If it is not possible to measure fair value less cost of disposal because there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement dates under market conditions, the asset's value in use is used as recoverable amount.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Inventories

Inventories are valued at lower of the cost and net realisable value. Cost is determined using weighted average cost basis. Cost of inventories comprises all costs of materials, duties and taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, conversion costs, an appropriate share of fixed and variable production overheads and other costs incurred in bringing the inventories to their present location and condition. Closing stock of imported materials include customs duty payable thereon, wherever applicable. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.6 Employee benefits

Short-term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. All short-term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees and recognized as expenses in the Statement of profit and loss. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include wages and salaries etc.

Long-term employee benefits:

The Company provides end-of-service benefits to its expatriate employees. The entitlement to this benefit is based on the employee's last drawn salary and length of services, subject to the completion of minimum service year. This liability is measured at present value of the estimated future cash outflows expected to be made by the Company in respect services provided by the employees upto the reporting date.

3.7 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease viz. whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

"Lease liabilities" and "Right of use assets" have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Variable lease payments that are not included in the measurement of lease liabilities is charged as expense in the statement of profit and loss under the head 'Rent'. Rent concessions that are not assessed as lease modification are recognised in the statement of profit and loss.

3.8 Foreign currency transactions and translation

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, foreign currency monetary items are translated using the closing rates. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not translated. Non-monetary items measured at fair value that are denominated in foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.9 Provisions and contingencies

The Company recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

Contingent assets are not recognized in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable

3.10 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are measured at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A] Financial assets

a) Initial recognition and measurement:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

b) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

c) Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

- a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivable and other financial assets of the Company. Such financial assets are subsequently measured at amortized cost using the effective interest method.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in equity instruments, classified under financial assets, are initially measured at fair value. The Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument are recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI.

The Company does not have any financial assets in this category.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiaries, joint ventures and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

The Company does not have any financial assets in this category.

d) Foreign exchange gains and losses:

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

e) Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

- i. The contractual rights to cash flows from the financial asset expires;
- ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;
- iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
- iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability.





Gujarat Fluorochemicals FZE

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

The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

f) Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss under the head 'Other expenses'/'Other income'.

Bj Financial liabilities and equity instruments

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

i. Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

ii. Financial Liabilities:

a) Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

b) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

The Company has not designated any financial liability as at FVTPL.

c) Foreign exchange gains and losses:

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the closing rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

d) Derecognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

3.11 Earnings Per Share

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

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Gujarat Fluorochemicals FZE

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

For the purpose of calculating diluted earnings 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 is adjusted for the effects of all dilutive potential equity shares.

4. Critical accounting judgements and use of estimates

The preparation of Company's financial statements requires management to make judgements, estimations and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision or future periods if the revision affects both current and future periods.

Following are the critical judgements, assumptions and use of estimates that have significant effects on the amounts recognized in these financial statements:

Following are the critical judgements, assumptions and use of estimates that have the most significant effects on the amounts recognized in these financial statements:

a) Useful lives of Property, Plant and Equipment (PPE)

The Company has adopted useful lives of PPE as described in Note 3.2 above. Depreciation is based on management estimates of the future useful lives of the property, plant and equipment. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation charge. The Company reviews the estimated useful lives of PPE at the end of each reporting period.

b) Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

c) Recognition and measurement of provisions and contingencies:

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances. In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Judgment is required to determine the probability of such potential liabilities actually crystallising. In case the probability is low, the same is treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

5: Property, plant & equipment

(Rs. in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Carrying amount of:		
Buildings	6,130.15	-
Plant and equipment	2,002.57	-
Furniture and fixtures	12.96	-
Office equipments	2.13	-
Total	8,147.81	-

(Rs. in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Total
I. Cost					
Balance as at 1 April 2022	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-
Additions	6,201.23	1,817.75	14.00	2.69	8,035.67
Borrowing costs	53.48	259.97	-	-	313.45
Balance as at 31 March 2024	6,254.71	2,077.72	14.00	2.69	8,349.12

(Rs. in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Total
II. Accumulated depreciation					
Balance as at 1 April 2022	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-
Depreciation expense for the year	124.56	75.15	1.04	0.56	201.31
Balance as at 31 March 2024	124.56	75.15	1.04	0.56	201.31

(Rs. in Lakhs)

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Total
III. Net Carrying amount					
Balance as at 31 March 2023	-	-	-	-	-
Balance as at 31 March 2024	6,130.15	2,002.57	12.96	2.13	8,147.81

Note: The Company has not revalued its property, plant & equipment.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

6: Capital work-in-progress

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Capital work-in-progress	-	2,351.84
Pre-operative expenditure pending allocation	-	467.58
Total	-	2,819.42

Particulars of pre-operative expenditure incurred during the year are as under:

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Opening Balance	467.58	-
Add: Expenses incurred during the year:		
Employee benefits expense	74.40	64.48
Finance cost	87.62	221.48
Depreciation	31.06	87.37
Legal and professional fees and expenses	0.61	63.05
Other expenses	6.23	31.20
Sub-total	667.50	467.58
Less: Capitalised during the year	(667.50)	-
Closing balance	-	467.58

As at 31 March 2024, there is no capital work-in-progress.

Capital work-in-progress (CWIP) ageing schedule as at 31 March 2023

Particulars	(Rs. in Lakhs)		
	Projects in progress	Projects temporarily suspended	Total
Less than 1 year	2,819.42	-	2,819.42
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	-	-	-
	2,819.42	-	2,819.42

7: Other financial assets (at amortised cost)

(Unsecured, considered good, unless otherwise stated)

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Non-Current		
Security deposits	2.19	-
	2.19	-
Current		
Security deposits	-	0.75
	-	0.75



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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

8: Other assets

(Unsecured, considered good, unless otherwise stated)

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Non-current		
Capital advances	-	100.59
	-	100.59
Current		
Advances to employees	-	11.18
VAT refund claimed	138.39	83.80
Prepayments	55.57	14.50
	193.96	109.48

9: Inventories

(at lower of cost and net realizable value)

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Raw materials (see note (i) below)	434.88	-
Finished goods	755.31	-
Stores and spares	0.84	-
Packing materials	101.65	-
Total	1,292.68	-

Notes:

(i) Raw materials include materials in transit of Rs. 305.61 lakhs (as at 31 March 2023 Rs. Nil).

(ii) The cost of inventories recognised as an expense includes Rs. 55.43 Lakhs (as at 31 March 2023 Rs. Nil) in respect of write downs of inventory to net realisable value.

(iii) The mode of valuation of inventories has been stated in Note 3.5

10: Trade receivables

(Unsecured, considered good, unless otherwise stated)

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Current		
Considered good - unsecured	1,499.59	-
	1,499.59	-

For trade receivables ageing - see Note 27

11: Cash & cash equivalents

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Balances with banks in current accounts	219.56	100.65
	219.56	100.65



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

12: Equity share capital

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Authorized 16,60,000 (31st March, 2023: 10,000) equity shares of AED 30 each	11,204.40	61.59
Issued, subscribed and fully paid up 11,75,000 (31 March 2023: 10,000) equity shares of AED 30 each	7,931.16	61.59
	7,931.16	61.59

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

Particulars	No. of shares	Rs. in Lakhs
Shares outstanding as at 1 April 2022	10,000	61.59
Shares issued during the period	-	-
Shares outstanding as at 31 March 2023	10,000	61.59
Shares issued during the year	11,65,000	7,869.57
Shares outstanding as at 31 March 2024	11,75,000	7,931.16

(b) Terms/rights attached to shares

Gujarat Fluorochemicals Limited is the sole legal and beneficial holder of all shares of Gujarat Fluorochemicals FZE with a face value of AED 30 and is entitled to dividends and to exercise its voting rights attached to the shares.

(c) Shares held by Holding Company

Name of the shareholder	As at 31 March 2024	
	No. of shares	% of holding
Gujarat Fluorochemicals Limited, India	11,75,000	100%

Name of the shareholder	As at 31 March 2023	
	No. of shares	% of holding
Gujarat Fluorochemicals Limited, India	10,000	100%

(d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2024	
	Rs. in Lakhs	% of holding
Gujarat Fluorochemicals Limited, India	7,931.16	100%

Name of the shareholder	As at 31 March 2023	
	Rs. in Lakhs	% of holding
Gujarat Fluorochemicals Limited, India	61.59	100%



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

13: Other equity

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Share application money pending allotment	-	1,403.01
Retained earnings	(1,046.52)	(54.18)
Foreign currency translation reserve	66.43	9.42
Total	(980.09)	1,358.25

a) Retained earnings

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	(54.18)	(5.91)
Loss for the year	(992.34)	(48.27)
Balance at the end of the year	(1,046.52)	(54.18)

b) Foreign currency translation reserve

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Balance at the beginning of the year	9.42	-
Other comprehensive income for the year	57.01	9.42
Balance at the end of the year	66.43	9.42

Foreign currency translation reserve is on account of exchange differences on translating the financial statements of foreign operations - see Note 2.2

14: Current borrowings

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Unsecured		
Shareholders' loan from holding company	1,136.09	1,048.00
Total	1,136.09	1,048.00

Terms of unsecured borrowings:

a) The shareholder's loan received from the holding company is unsecured and repayable in future subject to stabilisation of cash flows of the Company or upon demand by holding company, whichever is earlier and carry interest @ 7.00 % p.a.

b) There is no default in repayment of principal and payment of interest on borrowings.



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

15: Trade payables

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Trade payables	2,801.87	33.96
Total	2,801.87	33.96

Ageing for trade payables as at 31 March 2024

Particulars	(Rs. in Lakhs)		
	Undisputed dues - others	Disputed dues - others	Total
Less than 1 year (*)	2,790.86	-	2,790.86
1-2 years	11.01	-	11.01
2-3 years	-	-	-
More than 3 years	-	-	-
Total	2,801.87	-	2,801.87

(*) includes unbilled dues payable of Rs. 226.89 lakhs.

Ageing for trade payables as at 31 March 2023

Particulars	(Rs. in Lakhs)		
	Undisputed dues - others	Disputed dues - others	Total
Less than 1 year (*)	25.37	-	25.37
1-2 years	8.59	-	8.59
2-3 years	-	-	-
More than 3 years	-	-	-
Total	33.96	-	33.96

(*) includes unbilled dues payable of Rs. 2.87 lakhs.

16: Other current financial liabilities

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Creditors for capital expenditure	23.75	345.10
Employees dues payable	30.92	29.62
Total	54.67	374.72



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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

17: Revenue from operations

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	Year ended 31 March 2023
(a) Revenue from contracts with customers		
Sale of products	3,715.78	-
	3,715.78	-

Disaggregated revenue information

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from contracts with customers		
Fluorochemicals (Refrigerants)	3,715.78	-
Total	3,715.78	-

Contract balances:

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Trade receivables	1,499.59	-

Performance obligation

There are no remaining performance obligations as at the end of the year. For this purpose, as permitted under Ind AS 115, the transaction price allocated to contracts for original expected duration of one year or less are not considered.

18: Cost of materials consumed

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	Year ended 31 March 2023
Raw materials consumed	3,432.71	-
Packing materials consumed	746.43	-
	4,179.14	-

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

19: Changes in inventories of finished goods and work-in-progress

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	Year ended 31 March 2023
Opening inventories		
Finished goods	-	-
Less: Closing inventories		
Finished goods	755.31	-
	755.31	-
Effect of changes in exchange currency rates	5.68	-
Increase in inventories	(749.63)	-

20: Employee benefits expense

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	Year ended 31 March 2023
Salaries and wages	257.65	-
Staff welfare expenses	14.43	-
	272.08	-

21: Finance Costs

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	As at 31 March 2023
(a) Interest on financial liabilities carried at amortised cost		
Interest on shareholders loan from holding company	71.16	41.07
(b) Interest on lease liability	231.93	180.41
	303.09	221.48
Less: Borrowing costs capitalised	(87.62)	(221.48)
Total	215.47	-

Note:

The weighted average capitalisation rate of funds borrowed is 7.00% per annum.

22: Depreciation and amortisation expense

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	As at 31 March 2023
Depreciation on property, plant & equipment	201.31	-
Depreciation on right-of-use assets (see Note below)	75.44	-
Total	276.75	-

Note: Depreciation on right-of-use assets amounting to Rs. 31.06 lakhs (previous year Rs. 87.37 lakhs) has been capitalized as pre-operative expenditure.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

23: Other expenses

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2024	As at 31 March 2023
Stores and spares consumed	29.92	-
Freight	60.06	-
Insurance	18.34	0.50
Factory expenses	35.31	-
Repairs and maintenance		
- Buildings	27.96	-
- Plant & equipments	3.90	-
Rent	-	1.60
Royalty expenses	193.28	-
Travelling expenses	47.04	7.53
Rates and taxes	10.15	3.23
Communication expenses	4.73	1.65
Legal and professional fees and expenses	10.45	23.16
Miscellaneous expenses	63.06	10.60
Total	504.20	48.27

24: Tax expense

The Company operates in Free Zone Establishment (FZE) in UAE. As per the current income tax law, there is no tax on income for entities operating in FZE.





Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

25: Related party transactions

(i) Where control exists:

- i) Gujarat Fluorochemicals Limited - holding company
- ii) Inox Leasing and Finance Limited - ultimate holding company
- iii) Mr. V. K. Jain - ultimate controlling party

(ii) Particulars of transactions

(Rs. in Lakhs)		
A) Transactions during the year	Year ended 31 March 2024	Year ended 31 March 2023
Where control exists:		
Gujarat Fluorochemicals Limited		
(a) Share capital issued	6,466.56	-
(b) Share Application money received	-	1,403.01
(c) Reimbursement of expenses (paid)/payments made on behalf of the Company	46.65	1.44
(d) Reimbursement of expenses (received)/ payments made on behalf by the Company	4.43	-
(e) Shareholder's loan received	-	977.70
(f) Interest on shareholder's loan	71.16	41.07
(g) Purchase of assets	4,023.90	-
(h) Royalty expenses	193.28	-
(i) Purchase of goods	2,671.82	-
(j) Miscellaneous expenses	6.00	-

(Rs. in Lakhs)		
B) Balances at the end of the year	As at 31 March 2024	As at 31 March 2023
Where control exists:		
Gujarat Fluorochemicals Limited		
(a) Trade payables/other payables	2,361.09	9.45
(b) Shareholder's loan	1,022.78	1,006.93
(c) Interest accrued on Shareholder's loan	113.31	41.07

Notes:

- (a) Amounts outstanding are unsecured and will be settled in cash.
- (b) There have been no guarantees, received or provided, for any related party receivables or payables.
- (c) The Company has been provided with shareholder's loan at rate comparable to the commercial rate of interest. This loan is unsecured.

26: Capital commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (Previous year Rs. 355.55 lakhs).

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

27: Trade receivables ageing

Ageing for trade receivables - outstanding as at 31 March 2024 is as follows:

(Rs. in Lakhs)

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables							
Considered good	883.33	616.26	-	-	-	-	1,499.59
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
Disputed trade receivables							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
Sub-total	883.33	616.26	-	-	-	-	1,499.59
Provision for expected credit loss & impairment	-	-	-	-	-	-	-
Net Trade Receivables	883.33	616.26	-	-	-	-	1,499.59

As at 31 March 2023, there was no trade receivable outstanding.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

28: Financial Instruments

(i) Capital management

The capital structure of the Company consists of net debt from holding company and total equity of the Company. The Company is wholly owned by its holding company and is not subject to any externally imposed capital requirements.

(ii) Categories of financial instruments

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Financial assets		
Measured at amortised cost		
(i) Trade receivables	1,499.59	-
(ii) Cash and bank balances	219.56	100.65
(iii) Other financial assets	2.19	0.75
Total	1,721.34	101.40
Financial liabilities		
Measured at amortised cost		
(i) Lease liabilities	2,346.80	2,263.94
(ii) Borrowings	1,136.09	1,048.00
(iii) Trade Payables	2,801.87	33.96
(iv) Other financial liabilities	54.67	374.72
Total	6,339.43	3,720.62

The carrying amount reflected above represents the Company's maximum exposure to credit risk for such financial assets.

(iii) Financial risk management

The Company's principal financial liabilities comprise of trade payable, lease liabilities and other payables. The Company's principal financial assets include trade and other receivables, cash and cash equivalents derived directly from its operations.

The financial assets and financial liabilities of the Company are not exposed to changes in foreign currency exchange risk as the United Arab Emirates dirham is pegged to the US dollar at the exchange rate of 1 USD = 3.6725 AED. The Company does not have exposure to interest rate risk since the borrowing is only from the holding company which is at fixed rate of interest. Further, the company does not have investment and hence there is no exposure to other price risk.

(iv) Credit Risk Management

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, balances with banks, loans and other receivables.

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Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

28: Financial Instruments - continued

a) Trade receivables

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The average credit period on sales of products is less than 90 days. The concentration of credit risk is limited due to the fact that the customer base is large and diverse. There are 5 customer representing more than 5% of the total balance of trade receivables as on 31 March 2024, amounting to Rs. 1,263.59 lakhs. All trade receivables are reviewed and assessed for default on a time-to-time basis.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is as follows

Ageing	Expected Credit Loss (%)
Less than 365 days	0.00%
More than 365 days	100.00%

Liquidity risk management

Ultimate responsibility for Company's liquidity risk management rests with the senior management and its holding company. The Company generally manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and if needed, financial support of holding company.

Particulars	(Rs. in Lakhs)			
	Upto 1 year	1-5 years	above 5 years	Total contractual cash flows
As at 31 March 2024				
Borrowings	1,136.09	-	-	1,136.09
Trade payables	2,801.87	-	-	2,801.87
Other financial liabilities	54.67	-	-	54.67
Total	3,992.63	-	-	3,992.63
As at 31 March 2023				
Borrowings	1,048.00	-	-	1,048.00
Trade payables	33.96	-	-	33.96
Other financial liabilities	374.72	-	-	374.72
Total	1,456.68	-	-	1,456.68

Liabilities of the Company will be repaid with the support of the holding company, future cash flow from business operations, other assets and cash and bank balances.

Particulars of contractual maturities in respect of lease liabilities is as per Note 29.

(v) Financial instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortized cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different than the values that be eventually received or paid.



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

29: Leases

Company as a lessee:

- (a) The Company's leasing arrangements are in respect of commercial factory premises on lease.
(b) Particulars of right-of-use assets and lease liability

i. Carrying value of right-of-use assets by class of underlying assets

Particulars	(Rs. in Lakhs)	
	Factory Plot	Total
Gross Block		
Balance as at 1 April 2022	-	-
Additions	2,018.21	2,018.21
Net effect of foreign currency translation differences (gain)/loss	78.73	78.73
Balance as at 31 March 2023	2,096.94	2,096.94
Net effect of foreign currency translation differences (gain)/loss	33.02	33.02
Balance as at 31 March 2024	2,129.96	2,129.96
Accumulated depreciation		
Balance as at 1 April 2022	-	-
Depreciation expense for the year	85.38	85.38
Net effect of foreign currency translation differences (gain)/loss	1.99	1.99
Balance as at 31 March 2023	87.37	87.37
Depreciation expense for the year	106.50	106.50
Net effect of foreign currency translation differences (gain)/loss	1.38	1.38
Balance as at 31 March 2024	195.25	195.25
Carrying amounts		
As at 31 March 2023	2,009.57	2,009.57
As at 31 March 2024	1,934.71	1,934.71

Note: The Company has not revalued its right-of-use assets.

ii. Movement in lease liability during year ended

Particulars	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Opening Balance	2,263.94	-
Additions during the year	-	2,018.21
Interest on lease liability	231.93	180.41
Payment of lease liability	(185.36)	(13.23)
Net effect of foreign currency translation differences (gain)/loss	36.29	78.55
Closing Balance	2,346.80	2,263.94



Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

29: Leases - continued

Break-up of lease liabilities:	(Rs. in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Non-current lease liabilities	2,344.00	2,263.94
Current lease liabilities	2.80	-

iii. Contractual maturities of lease liabilities as at reporting date on an undiscounted basis:

Particulars	(Rs.in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Maturity analysis - contractual undiscounted cash flows		
Less than one year	237.29	183.87
One to five years	1,013.78	963.36
More than five years	4,226.73	4,429.54
Total undiscounted lease liabilities	5,477.80	5,576.77

iv. Amount recognized in statement of profit and loss

Particulars	(Rs.in Lakhs)	
	Year ended 31 March 2024	Year ended 31 March 2023
Interest on lease liability (*)	231.93	180.41
Included in rent expenses: Expense relating to short-term leases and low value assets	-	1.60
(*) Interest on lease liability capitalised as pre-operative expenditure	66.94	180.41

v. Amounts recognised in the statement of cash flows

Particulars	(Rs.in Lakhs)	
	As at 31 March 2024	As at 31 March 2023
Total cash outflow for leases	185.36	13.23



Gujarat Fluorochemicals FZE

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

30 Segment information

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on single business segment of manufacturing of fluorochemicals (Refrigerants). Hence the Company is having only one reportable business segment under Ind AS 108 : Operating segment. Further, the Company caters mainly to the Gulf Cooperation Council (GCC) Region.

30.1 Breakup of revenue from operations

a) Product-wise breakup		(Rs. in Lakhs)	
Particulars	Year ended 31 March 2024	Year ended 31 March 2023	
Sale of products			
Fluorochemicals (Refrigerants)	3,715.78	-	
	3,715.78	-	
b) Geographical breakup		(Rs. in Lakhs)	
Particulars	Year ended 31 March 2024	Year ended 31 March 2023	
Saudi Arabia	2,127.21	-	
United Arab Emirates	1,111.96	-	
Rest of the World	476.61	-	
Total	3,715.78	-	

30.2 Information about major customers

There are 4 external customers (previous year Nil) who contributed more than 10% to the Company's revenue during the financial year 2023-2024.

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31: Additional disclosures/regulatory information as required by Schedule III to the Companies Act, 2013

a) Details of benami property held:

No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the Rules made thereunder.

b) Relationship with Struck off Companies

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

c) Loans and advances granted to related party

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties.

d) Details of Crypto Currency or Virtual Currency

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

e) Utilisation of Borrowed funds and share premium

The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) 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.

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, 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.





Gujarat Fluorochemicals FZE
Notes to the financial statements for the year ended 31 March 2024

32. Earnings per share:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Loss after tax as per statement of Profit and Loss (Rs. in Lakhs)	(992.34)	(48.27)
Equity shares at the beginning of the year	10,000	10,000
Equity shares at the end of the year	11,75,000	10,000
Weighted average number of equity shares used in calculation of basic and diluted EPS (Nos)	9,97,995	10,000
Basic and diluted loss per equity share (Rs.)	(99.43)	(482.70)

As per our report of even date attached
For Patankar & Associates
Chartered Accountants
Firm's Registration No. 107628W

S.S. Malani

Sandesh S Malani
Partner
Membership No. 110051

Place: Pune
Date: 3 May 2024



For Gujarat Fluorochemicals FZE

Jitendra Gaur

Jitendra Gaur
Manager

Place: Dubai
Date: 3 May 2024