

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Balance Sheet as at 31st March , 2023

Particulars	Note No	As at	As at
		31st March, 2023 (Amount in Lakhs)	31st March, 2022 (Amount in Lakhs)
I ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2A	16,554.11	15,573.97
(b) Capital work - in - progress	2B	11,168.07	7,402.21
(c) Intangible assets	3	1,125.64	1,483.78
(d) Financial assets			
(i) Investments	4	1,638.12	1,594.21
Total Non-current assets		30,485.94	26,054.18
2 Current assets			
(a) Inventories	5	3,914.81	2,138.44
(b) Financial assets			
(i) Trade receivables	6	1,827.31	5,758.59
(ii) Cash and cash equivalents	7	1,275.18	235.61
(iii) Others financial assets	8	0.36	0.57
(c) Other current assets	9	1,882.00	1,565.95
Total Current assets		8,899.66	9,699.16
TOTAL ASSETS		39,385.60	35,753.34
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	10A	1,901.48	1,901.48
(b) Other equity	10B	7,792.87	7,784.01
Total Equity		9,694.35	9,685.49
2 Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	11	7,767.81	5,115.38
Total Non- current liabilities		7,767.81	5,115.38
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	12	10,323.70	10,152.84
(ii) Trade payables	13	5,773.14	6,130.12
(b) Short Term Provisions	14	121.89	-
(c) Current Tax Liability	15	199.92	258.89
(d) Other current liabilities	16	5,504.79	4,410.63
Total Current Liabilities		21,923.44	20,952.48
TOTAL EQUITY AND LIABILITIES		39,385.60	35,753.34

The accompanying notes are an integral part of these Financial Statements

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The accompanying notes are an integral part of these Financial Statements

For and on behalf of Board of Directors


Vishal Agrawal
 Director
 DIN: 00056800
 Place: Vadodara
 Date: 14-08-2023

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Statement of Profit and Loss for the year ended 31st March, 2023

Particulars	Note No.	Year ended 31st March, 2023	Year ended 31st March, 2022
		(Amount in Lakhs)	(Amount in Lakhs)
I INCOME			
Revenue from Operations	17	30,395.99	28,645.80
Other Income	18	543.80	302.87
Total Income		30,939.79	28,948.67
II EXPENSES			
Cost of Materials Consumed	19	20,151.98	17,699.18
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in Progress	20	(939.89)	2,037.57
Purchases of Traded Goods	21		
Employee Benefits Expense	22	3,327.01	3,195.88
Finance Costs	23	528.89	364.01
Depreciation and Amortization Expense	24	1,510.11	1,663.43
Other Expenses	25	5,041.94	3,942.80
Total Expenses		29,620.05	28,902.88
III Profit Before Exceptional Items and Tax		1,319.73	45.79
IV Exceptional Item		-	-
V Profit Before Tax		1,319.73	45.79
VI Tax Expenses			
(1) Current Tax	26	19.72	27.20
(2) Deferred Tax Charge/(Credit)	26		
Total Tax Expenses		19.72	27.20
VII Profit for the Year		1,300.02	18.59
VIII Other Comprehensive Income			
(i) Items that will be reclassified to profit or loss			
Remeasurements of net defined benefit plans			
Income tax relating to above items			
Difference due to changes in foreign exchange reserves		(1,033.96)	617.62
Total Other Comprehensive Income		(1,033.96)	617.62
IX Total Comprehensive Income for the Year		266.06	636.22
Earnings per Equity Share of HUF 1/- each (for continuing operations): (in INR)			
Basic		0.16	0.002
Diluted		0.16	0.002

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For and on behalf of Board of Directors

Vishal Agrawal
 Director
 DIN: 00056800
 Place: Vadodara
 Date: 14-08-2023



SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Statement of Cash Flow for the year ended 31st March, 2023

(Amount in Lakhs)

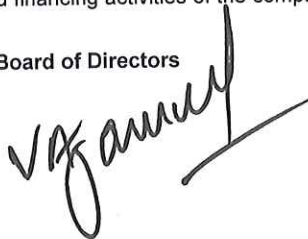
Particulars	Year ended 31st March ,2023	Year ended 31st March, 2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before exceptional Items and tax as per statement of profit and loss	1,319.73	45.79
Adjustments for:		
Depreciation and Amortization Expenses	1,510.11	1,663.43
Finance Cost	528.89	364.01
Transfer to Reserve & FCTR Adjustment	(1,291.16)	292.43
Operating profit before working capital changes	2,067.58	2,365.66
Adjustments for:		
(Increase)/decrease in Trade & Other Receivables	3,931.29	(1,690.31)
(Increase)/decrease in Inventories	(1,776.37)	2,488.10
(Increase)/decrease in Other Financial Assets	0.21	(0.19)
(Increase)/decrease in Other Current Assets	(316.05)	(269.54)
Increase/(decrease) in Creditors	(356.98)	1,367.74
Increase/(decrease) in Current Tax Liability	(78.69)	-
Increase/(decrease) in Short Term Provisions	121.89	-
Increase/(decrease) in Other Current Liabilities	1,094.16	786.31
	4,687.05	5,047.77
Less: Direct Taxes Paid (Net of Refunds)		128.12
Net cash flows (used in)/ generated from operating activities after exceptional items	4,687.05	5,175.88
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment/ intangible assets (Net)	(5,897.96)	(6,466.62)
Investment	(43.92)	(1,593.97)
Net cash (used in) / generated from investing activities	(5,941.87)	(8,060.59)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds / (Repayment) of Long term borrowings (net)	2,652.43	(2,600.92)
Proceeds / (Repayment) of Short term borrowings (net)	170.85	5,920.24
Finance Cost	(528.89)	(364.01)
Net cash (used in) / generated from financing activities	2,294.39	2,955.31
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	1,039.57	70.61
Add : Cash and cash equivalence at beginning of the year	235.61	165.00
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD/YEAR	1,275.18	235.61
Cash and cash equivalent as per above comprises of the following		
Cash and cash equivalents	1,275.18	235.61
Bank balances other than cash and cash equivalents		

The accompanying notes are an integral part of these Financial Statements

Notes:

The cash flow statement has been prepared under the indirect method as set out in Ind AS 7, "Statement of Cash Flows", whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature. The cashflows from operating, investing and financing activities of the company are segregated based on the available information.

For and on behalf of Board of Directors



Vishal Agrawal
 Director
 DIN: 00056800
 Place:Vadodara
 Date: 14-08-2023

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Statement of Changes in Equity for the year ended 31st March, 2023

A. EQUITY SHARE CAPITAL

Particulars	(Amount in
Balance as at 1st April, 2021	1,901.48
Changes in equity share capital during the current year	-
Balance as at 31st March, 2022	1,901.48
Changes in equity share capital during the current year	-
Balance as at 31st March, 2023	1,901.48

B. OTHER EQUITY

Particulars	Reserves & Surplus			Other Comprehensive Income (OCI)	Total
	Capital Reserve	Non - Distributable Capital Reserve	Retained Earnings	Foreign Currency Translation Reserve	
Balance as at 1st April, 2021	2,159.35	3,564.80	1,597.26	151.58	7,472.99
Total Comprehensive Income during the year	-	-	18.59	617.62	636.22
Adjustments during the year	-	-	(325.19)	-	(325.19)
Transfers during the year	-	400.14	(400.14)	-	-
Balance as at 31st March, 2022	2,159.35	3,964.94	890.52	769.20	7,784.01
Total Comprehensive Income during the period	-	-	1,300.02	(1,033.96)	266.06
Adjustments during the year	-	-	(257.20)	-	(257.20)
Transfers during the year	-	82.79	(82.79)	-	-
Balance as at 31st March, 2023	2,159.35	4,047.73	1,850.54	(264.75)	7,792.87

The accompanying notes are an integral part of these Financial Statements

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For and on behalf of Board of Directors

Vishal Agrawal
Director
DIN: 00056800
Place: Vadodara
Date: 14-08-2023



SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)

Notes to the Financial Statements for the year ended 31st March, 2023

Note 4 - Investments

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Quota in Cseber Ltd. (Long-Term Participation)	0.24	0.23
Own Shares	1,637.89	1,593.98
Total	1,638.12	1,594.21

Note 5 - Inventories

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Raw Materials	2,361.63	1,525.14
Work in Progress	870.77	452.61
Finished Goods	682.41	160.69
Stores & Spares	-	-
Packaging Materials	-	-
Prepayments Made on Stock	-	-
Total	3,914.81	2,138.44

Note 6 - Trade Receivables

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Secured - Considered Good	-	-
Unsecured - Considered Good	1,827.31	5,758.59
Total	1,827.31	5,758.59

Note 7 - Cash and Cash Equivalents

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Cash in Hand	1.15	2.85
Balances with Banks	1,274.04	232.76
Total	1,275.18	235.61

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 8 - Current Financial Assets

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Advances to Employees	0.36	0.57
Total	0.36	0.57

Note 9 - Other Current Assets

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Accrued Revenues	226.49	293.12
Prepaid Expenses	87.93	162.27
Other Debtors & Advances	1,365.08	15.22
Advance to suppliers	-	0.14
Deferred expenditure	199.03	-
Balances with Government Authorities		
VAT Claim	-	1,095.21
Customs Authorities	-	-
Corporate assets	3.47	-
Local Tax & Other Taxes	-	-
Total	1,882.00	1,565.95

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 10B- Other Equity

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Capital Reserve		
Opening Balance	2,159.35	2,159.35
Transfers during the period/year		
Closing Balance (A)	2,159.35	2,159.35
Non - Distributable Reserves		
Opening Balance	3,964.94	3,564.80
Transfers during the period/year	82.79	400.14
Closing Balance (B)	4,047.73	3,964.94
Retained Earnings		
Opening Balance	890.52	1,597.26
Total Comprehensive Income during the period/year	1,300.02	18.59
Transfers during the period/year	-82.79	-400.14
Adjustments during the period/year	-	-325.19
Closing Balance (C)	2,107.75	890.52
Foreign Currency Translation Reserve		
Opening Balance	769.20	151.58
Total Comprehensive Income during the period/year	-1,033.96	617.62
Closing Balance (D)	-264.75	769.20
Total (A+B+C+D)	8,050.07	7,784.01

Note 11 - Non - Current Borrowings

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Secured Loans		
From Banks & Financial Institutions	3,572.72	2,771.73
Unsecured Loans		
From Related Parties :	4,195.10	2,343.65
Shiva Pharmachem AG	2,548.35	-
Shiva Pharmachem Ltd	1,646.75	-
Total	7,767.81	5,115.38

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 12 - Current Borrowings

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Secured Loans		
Working Capital Demand Loans	7,428.99	6,585.01
Short Term Loans from Banks	1.77	1,841.22
Overdraft	1,136.25	1,043.94
Current Maturities of Long Term Borrowings	1,570.88	682.67
Re-valuation of Loans (Forex Impact)	153.96	-
Erste EUR28368690 (Technical Residual Value)	31.84	-
384620 MKB HUF NHP 00054902 (Technical Residual Value)	0.01	-
Unsecured Loans		
Other Loans	-	-
From Related Parties	-	-
Total	10,323.70	10,152.84

Note 13 - Trade Payables

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
(A) Total Outstanding dues of micro enterprises and small enterprises		
(B) Total Outstanding dues of creditors other than micro enterprises and small enterprises	5,773.14	6,130.12
Total	5,773.14	6,130.12

Note 14 - Short term Provisions

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
FX Provision	121.89	-
Total	121.89	-

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 15 - Current Tax Liability

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Income Tax & Other Taxes	199.92	258.89
Total	199.92	258.89

Note 16 - Other Current Liabilities

Particulars	As At 31st March ,2023	As At 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Advance from Customers	667.36	384.39
Other Short Term Liabilities	280.84	205.71
Deferred costs and expenditures	922.15	1,139.01
Deferred FX Loss (unrealized) pertaining to the change of Business Year	-	-270.51
Deferred revenues	3,634.44	2,952.03
Total	5,504.79	4,410.63

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 17 - Revenue From Operations

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Sale of Products	30,395.99	28,645.80
Total	30,395.99	28,645.80

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Sale of Manufactured goods comprised of :		
Domestic Sales	682.40	932.11
Export Sales	29,713.59	27,713.70
Total	30,395.99	28,645.80

Note 18 - Other Income

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Profit on Sale of Fixed Assets	-	-
Other Interest	-	-
Reversed Impairment	-	-
Grants	143.50	203.94
Compensation	10.98	0.72
Revenues from factored variables	-	0.08
R&D Project Revenue	18.89	63.14
Foreign Exchange Gain	319.16	-
Other Interest	0.05	-
Miscellaneous Income	51.22	34.99
Total	543.80	302.87

Note 19 - Cost of Materials Consumed

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Opening Stock	1,525.14	1,975.67
Purchases	20,988.46	17,248.66
Jobwork Charges		
Total	22,513.60	19,224.33
Less : Closing Stock	-2,361.63	-1,525.14
Total	20,151.98	17,699.18

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 20 - Changes In Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Closing inventories		
Finished goods	682.41	160.69
Work in Process	870.77	452.61
Stock-in-trade	-	-
	1,553.18	613.29
Opening inventories		
Finished goods	160.69	2,630.92
Work in Process	452.61	19.94
Stock-in-trade	-	-
	613.29	2,650.87
Total	-939.89	2,037.57

Note 21 - Purchases of Traded Goods

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Purchases of Traded Goods	-	-
Total	-	-

Note 22 - Employee Benefits Expense

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Salaries and wages, Bonus and other allowances	2,614.95	2,414.53
Workmen and Staff welfare expenses	712.06	781.36
Total	3,327.01	3,195.88

Note 23 - Finance Costs

Particulars	Year ended	Year ended
	31st March, 2023	31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Interest and other borrowing cost on Borrowings from banks	117.75	193.17
Bank Charges	85.22	73.00
Interest expense - others	87.34	24.29
Interest on discounting/ forfeiting	219.79	73.54
Financing Service	18.79	-
Total	528.89	364.01

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 24 - Depreciation and Amortization Expense

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Depreciation on Property, Plant and Equipment	1,493.10	1,644.26
Amortization on Intangible assets	17.02	19.17
Total	1,510.11	1,663.43

Note 25 - Other Expenses

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Appropriation of provision (non-realised FX Loss)		
Cost of Goods Sold	0.07	214.43
Cost of Consignment Services	3.95	1.34
Carriage Inwards	-	226.48
Laboratory Expenses	-	-
Printing & Stationery	-	-
Power & Fuel	-	-
Stores & Spares	-	-
Packaging Materials	-	-
EHS Expense	-	-
Administration Expenses	207.08	175.38
Advertisements	0.04	1.62
Carriage Outwards	690.75	733.52
Commission Expenses	-	10.99
Fines & Interest on Late Payment	171.36	5.43
Foreign Exchange Loss	-	259.99
Insurance Premium	61.44	57.15
Legal & Professional Expenses	165.53	107.18
Loss on Factored Variables	-	-
Other Expenses	1,830.53	409.07
Postage & Telephone	14.77	14.70
Property Tax	33.95	38.87
Rent Expenses - Others	40.40	42.25
Rent Expenses - Railway & Car	141.50	155.75
Repairs & Maintenance - Buildings	24.39	28.01
Repairs & Maintenance - Others	126.28	142.53
Repairs & Maintenance - Plant & Machinery	1,080.22	868.64
Security Expenses	191.34	180.83
Statutory Audit Fees	5.37	5.79
Taxes paid to Government Authorities	210.67	240.68
Travelling & Conveyance	41.03	20.79
Vehicle Expenses	1.27	1.38
Total	5,041.94	3,942.80

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March, 2023

Note 26- Income Tax Expense

Tax expense recognized in the Statement of Profit and Loss

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
	(Amount in Lakhs)	(Amount in Lakhs)
Current Tax		
Current Tax on Taxable Income for the period/year	19.72	27.20
Total Current Tax Expense (A)	19.72	27.20
Deferred Tax		
Deferred Tax Charge/(Credit)		
MAT Credit (Taken)/Utilised	-	-
Total deferred income tax expense/(benefit) (B)	-	-
Total Income Tax Expense (A+B)	19.72	27.20

Note 27- Earnings Per Share

Particulars	Year ended 31st March, 2023	Year ended 31st March, 2022
	(Amount in INR)	(Amount in INR)
Basic and Diluted earnings per share		
From continuing operations	0.16	0.002
From discontinued operations		
Total Basic and Diluted earnings per share	0.16	0.002
Footnotes:		
The earnings and weighted average numbers of equity shares used in the calculation of basic and diluted earnings per share are as follows:		
(a) Earnings used in the calculation of basic and diluted earnings per share:		
Profit for the period/year from continuing operations	13,00,01,627.51	18,59,281.02
Profit for the period/year from discontinued operations		
(b) Weighted average number of equity shares used in the calculation of basic and diluted earnings per share:		
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share from continuing operations and from discontinued operations	78,86,66,667	78,86,66,667

**SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March 2023**

Corporate Information:

SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC) ("the Company") is an unlisted company incorporated in Hungary. The Registered office of the Company is located at Sajóbáony, Gyártelep, 024/47., 3792 Hungary. The Company is engaged in the business of production and trading of phosgene-based intermediates and agrochemical active ingredients.

Note 1 – Basis of Preparation, Measurement and Significant Accounting Policies:

1. Basis of Preparation and Presentation:

Statement of Compliance:

The financial statements of the Company have been prepared in accordance with accounting and reporting requirements of generally accepted accounting principles accepted in Hungary (Hungarian GAAP) to reflect the financial position, results of operations and cash flows of the Company. These financial statements are for the year ended 31st March 2023.

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The functional currency of the Company is Hungarian Forint (HUF).

These financial statements have been translated by the Company in Indian Rupees (INR) in accordance with Indian Accounting Standard (Ind AS) 21 "The Effect of Changes in Foreign Currency Rates" as notified under the section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended. These financial statements are translated into INR for the sole purpose of preparation of Restated Consolidated Financial Information to be included in Draft Red Herring Prospectus ('DRHP'), Red Herring Prospectus ('RHP') and Prospectus ("Offer Documents") of Shiva Pharmachem Ltd ("the Parent Company") in connection with its proposed Initial Public Offering ('IPO').

2. Historical Cost Conventions:

The financial statements have been prepared on a historical cost basis except for,

- i. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding instruments)

3. Use of Estimates:

The preparation of the financial statements requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in notes below. Accounting estimates could change from period to period. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, then effects are disclosed in the notes to the financial statements.

**SPL Europe LLC (formerly known as Kis Chemicals Manufacturing and Mercantile LLC)
Notes to the Financial Statements for the year ended 31st March 2023**

4. Current vs Non- Current Classification:

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

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle; or
- Held primarily for the purpose of trading; or
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

5. Property, Plant and Equipment (PPE) and Intangible Assets:

Recognition and Measurements:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost.

Following the initial recognition, all items of PPE are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation:

The Company divides the acquisition cost of tangible assets, reduced by the expected residual value at the end of their useful lives, over the years in which it is expected to use these assets. Depreciation is always calculated based on the gross value of the asset, mostly using linear

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(constant) depreciation rates, but for a certain category of production equipment and other structures, progressive depreciation rate is applied.

The depreciation of intangible assets and tangible assets acquired during the year is calculated from the date they are put into service.

6. Capital work in Progress (CWIP)

Projects under which tangible assets are not yet ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing costs.

CWIP incurred during the period of implementation of a project, till it is commissioned, is accounted as Capital work-in-progress and after commissioning the same is transferred / allocated to the respective item of PPE.

7. Foreign Currencies Transactions and Translation

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Company are recorded in the functional currency (i.e., Hungarian forint), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Company are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the statement of profit and loss.

Translation of Financial Statements to the presentation currency:

The assets and liabilities are translated into INR, at the exchange rate prevailing at the reporting date and items of statement of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Company uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation are recognised in statement of OCI.

8. Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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9. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

10. Inventories:

Inventories have been valued on the following basis:

Nature of Inventories	Basis of Inventories Valuation
Raw Material Stock	Inventories of Raw Materials are valued at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average basis. Cost of raw material excludes all taxes and duties.
Semi-Finished Goods Stock (WIP)	Semi-Finished (WIP) Goods Stocks are valued at cost plus appropriate overheads directly attributable to manufacturing activity.
Finished Goods Stock	Inventories of Finished Goods are valued at the lower of cost and net realisable value. Cost represents material, labour and manufacturing expenses and other incidental costs to bring the inventory in present location and condition.

11. Event occurred after the Balance Sheet Date

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. There were no material subsequent events to be recognized or reported.