

Special Purpose Financial Statements and Independent Auditors' Report
TCL SPECIALTIES LLC
31 March 2024

TCL SPECIALTIES LLC.

Special Purpose Balance Sheet as at 31 March 2024

(All amounts are in United State Dollars(USD), unless otherwise stated)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
Assets			
Non-current assets			
Property Plant and Equipment	3	16,220	20,527
Capital Work-in Progress	3	77,472,016	24,663,677
Right of use assets	3	8,104,550	8,351,282
Other Non-Current Assets	5	2,632,622	5,331,014
		88,225,408	38,366,500
Current assets			
(a) Financial assets			
i) Trade Receivables		-	-
ii) Cash and cash equivalents	6	16,125,991	16,459,953
iii) Bank balance other than the above	6	21,821,182	5,172,081
iv) Other financials assets	4	6,000	-
(b) Other Current assets	5	1,396,126	2,232,885
		39,349,299	23,864,919
Total Assets		127,574,707	62,231,419
EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	34,980,000	24,980,000
Other equity	8	(738,125)	(1,276,099)
Total equity		34,241,875	23,703,901
Non Current Liabilities			
(a) Financial liabilities			
i) Borrowings	9	40,317,239	-
ii) Lease Liability - Land	10	8,561,012	8,403,280
iii) Other financial liabilities	12	15,080,479	-
(b) Other non current liabilities (Refer point (v) of note 8)		4,800,000	-
Total Non Current liabilities		68,758,731	8,403,280
Current Liabilities			
(a) Financial liabilities			
i) Borrowings	9	17,039,186	28,713,898
ii) Other financial liabilities	12	6,403,091	1,379,025
(b) Provisions	11	1,131,824	31,315
		24,574,101	30,124,238
Total Equity and Liabilities		127,574,707	62,231,419

Notes 1 to 18 form an integral part of these special purpose financial statements

TCL SPECIALTIES LLC

Special Purpose Statement of Changes in Equity for the period ended 31 March 2024

(All amounts are in United State Dollars(USD), unless otherwise stated)

A. Equity Share Capital

As at 31 March 2024

Balance at the beginning of the year	Changes in equity share capital during the current year	Balance at the end of the year
24,980,000	10,000,000	34,980,000

As at 31st March, 2023

Balance at the beginning of the year	Changes in equity share capital during the current year	Balance at the end of the year
19,230,000	5,750,000	24,980,000

B. Other Equity

Particulars	Retained Earnings
Balances at 31 March 2022	(264,327)
Loss for the year	(1,011,772)
Balances at 31 March 2023	(1,276,099)
Loss for the year	(530,570)
Capital contribution from ultimate holding company	1,068,547
Balances at 31 March 2024	(738,122)

Notes 1 to 18 form an integral part of these special purpose financial statements

TCL SPECIALTIES LLC

Special Purpose Statement of Profit and Loss for the period ended 31 March 2024

(All amounts are in United State Dollars(USD), unless otherwise stated)

Particulars	Note	Year Ended 31 March 2024	Year Ended 31 March 2023
Income			
Revenue from operations	14	35,785	-
Other income	15	171,801	19,204
Total Income		207,586	19,204
Expenses			
Employee Benefit expenses	16	-	-
Finance Costs	17	455,861	74,605
Depreciation and amortisation expenses	3	122,004	20,231
Other expenses	18	160,291	936,140
Total Expenses		738,156	1,030,976
(Loss) before tax		(530,570)	(1,011,772)
Tax Expense			
- Current tax		-	-
- Deferred tax		-	-
Total tax expense		-	-
(Loss) for the year		(530,570)	(1,011,772)
Other comprehensive income		-	-
Total comprehensive income for the year		(530,570)	(1,011,772)
Notes 1 to 18 form an integral part of these special purpose financial statements			

TCL SPECIALTIES LLC		
Special Purpose Cash Flow Statement for the period ended 31 March 2024		
<i>(All amounts are in United State Dollars(USD), unless otherwise stated)</i>		
Particulars	Year Ended 31 March 2024	Year Ended 31 March 2023
A. Cash Flow From Operating Activites		
Loss before tax	(530,570)	(1,011,772)
Adjustments for		
Depreciation and amortization	122,004	20,231
Finance Costs	455,861	74,605
Interest Income	(171,559)	-
Unrealised forex loss / (gain) - Net	459	-
Operating Profit before Working Capital changes	(123,805)	(916,936)
Movements in working capital:		
(Increase) / Decrease in Other assets	1,390,325	(1,795,639)
Increase in Provisions	1,100,509	24,125
Increase in Other Liabilities	15,006,809	2,035
Cash generated / used in operations	17,373,838	(2,686,415)
Income taxes paid (net)	-	-
Net Cash generated by operating activities	17,373,838	(2,686,415)
B. Cash Flow From Investment Activities		
Capital expenditure on property, plant and equipment and capital work in progress including capital advances	(41,464,978)	(18,273,806)
Movement in balances with bank other than those mentioned in cash & cash equivalents	(16,649,101)	527,919
Interest Received	380,856	-
Net cash used in investing activities	(57,733,223)	(17,745,887)
C. Cash Flow From Finance Activities		
Capital Infusion from Holding Company	10,000,000	5,750,000
Proceeds from Borrowings	57,594,701	29,169,129
Government grant received	4,800,000	-
Repayment of Borrowings	-	(507,286)
Payment of Lease Liabilites	(169,095)	(42,274)
Interest paid	(3,486,284)	(701,384)
Net cash (used in)/ generated by financing activities	68,739,322	33,668,185
D. Net cash inflows during the year	28,379,936	13,235,883
E. Cash and cash equivalents at the beginning of the year	16,459,953	3,224,070
F. Cash and cash equivalents at the end of the year	44,839,889	16,459,953
Cash and cash equivalents comprise of:		
Balances with banks - in current accounts	5,884,722	16,459,953
Deposit accounts (with original maturity more than 3 months)	10,241,269	-
Cash and cash equivalents	16,125,991	16,459,953
Notes 1 to 18 form an integral part of these special purpose financial statements		

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information

(All amounts are in United State Dollars(USD), unless otherwise stated)

1 General Information

TCL SPECIALTIES LLC ("The Company") is a single member limited liability Company incorporated in Delaware. The Company's principal activities are manufacturing and selling chemicals. The Company's entire interest is held by TCL INC. which is a wholly owned subsidiary of TCL Global B.V. TCL Global B.V is a wholly owned subsidiary of Thirumalai Chemicals Limited a public limited Company in India whose shares are listed on stock exchanges in India.

2 Summary of significant accounting policies

2.1 Basis of preparation of special purpose financial statements

The Special Purpose Financial Statements of the Company for the period ended 31 March 2024 consisting of Special Purpose Balance Sheet as at 31 March 2024, the Special Purpose Statement of Profit and Loss (including Other Comprehensive Income), the Special Purpose Statement of Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and explanatory information (hereinafter referred to as 'Financial Statements') have been prepared and presented in accordance with recognition and measurement principles prescribed in Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These special purpose financial statements are prepared solely to assist Thirumalai Chemicals Limited, in preparation of its consolidated financial statements for the period ended 31 March 2024. Further, disclosures as required under Ind AS have not been included in these Special Purpose Financial Statements, since these are prepared for the limited purposes as specified above.

The Special Purpose Financial Statements have been prepared on an accrual basis under the historical cost convention.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle up to twelve months for the purpose of current – non-current classification of assets and liabilities.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the special purpose financial statements. These reclassifications were not significant and have no impact on the total assets, total liabilities, total equity and profit of the Company.

2.2 Functional and presentation currency

The financial statements are presented in USD (\$) which is also the Company's functional currency.

2.3 Critical accounting estimates, assumptions and judgements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods reported.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(i) Deferred income tax assets and liabilities

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. The amount of total deferred tax assets could change if management estimates of projected future taxable income or if tax regulations undergo a change.

(ii) Provisions and contingencies

From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being subject to uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount can be reasonably estimated. Significant judgement is required when evaluating the provision including, the probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances. Contingent liabilities are disclosed in the notes forming part of the financial statements. Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

(iii) Recognition of property, plant and equipment (PPE) and Capital work in progress

Significant level of judgement is involved in assessing whether the expenditure incurred meets the recognition criteria under Ind AS 16 Property, Plant and Equipment. Also estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

2.4 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in a foreign currency, are translated at the exchange rate prevailing on the Balance Sheet date and the resultant exchange gains or losses are recognised in the Statement of Profit and Loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

2.5 Recognition of Dividend Income, Interest income or expense

Dividend income is recognised when the unconditional right to receive the income is established. Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.6 Property, plant and equipment

(i) Plant and equipment

Plant and other equipment (comprising plant and machinery, furniture and fittings, electrical equipment, office equipment, computers and vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Plant and other equipment are subsequently measured at cost less accumulated depreciation and any impairment losses.

Major shutdown and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset. Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the asset is available for use. Revenue generated from production during the trial period is capitalised.

Parts of an item of PPE having different useful lives and significant value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses.

The components of assets are capitalized only if the life of the components vary significantly and whose cost is significant in relation to the cost of respective asset. The life of components in assets are determined based on technical assessment and past history of replacement of such components in the assets.

Property, plant and equipment are carried at the cost of acquisition or construction less accumulated depreciation and accumulated impairment, if any. The cost of property, plant and equipment includes non-refundable taxes, duties, freight, professional fees, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy based on Ind AS 23 – Borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets. Property, plant and equipment which are retired from active use and are held for disposal are stated at the lower of their net book value or net realizable value. Cost of property, plant and equipment not ready for the intended use as at balance sheet date are disclosed as "capital work-in-progress".

(v) Depreciation and amortisation

Depreciation on property, plant and equipment is provided on straight line method and in, over its useful life, based on the useful life of the assets as estimated by Management based on technical evaluation and advice. The residual value is generally assessed as 5% of the acquisition cost which is considered to be the amount recoverable at the end of the asset's useful life. The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end.

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the Statement of Profit and Loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

2.7 Leases

(a) Company as a lessee

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company at the commencement of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term leases) and low-value assets. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight line basis over the lease term. The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease, plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, if any.

The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful life of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The Company applies Ind AS 36 to determine whether an RoU asset is impaired and accounts for any identified impairment loss as described in the impairment of non-financial assets below.

For lease liabilities at the commencement of the lease, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate that the Company would have to pay to borrow funds, including the consideration of factors such as the nature of the asset and location, collateral, market terms and conditions, as applicable in a similar economic environment.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

Lease liability payments are classified as cash used in financing activities in the statement of cash flows.

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

(b) Company as a lessor

Leases under which the Company is a lessor are classified as finance or operating leases. Lease contracts where all the risks and rewards are substantially transferred to the lessee, the lease contracts are classified as finance leases. All other leases are classified as operating leases.

2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss or amortised cost.

Financial instruments are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognised at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortised cost
- b. Fair value through other comprehensive income (FVOCI) or
- c. Fair value through profit and loss (FVTPL)

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(a) Financial asset at amortised cost

Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are measured subsequently at amortised cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

2.8 Financial instruments (continued)

(b) Financial asset at fair value through other comprehensive income (FVOCI)

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These selections are made on an instrument-by-instrument (i.e., share-by-share) basis. If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognised in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognised in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

(c) Financial asset at fair value through profit and loss (FVTPL)

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognised in profit and loss.

2.9 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.10 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

(i) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. While determining the tax provisions, the Company assesses whether each uncertain tax position is to be considered separately or together with one or more uncertain tax positions depending the nature and circumstances of each uncertain tax position.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

(ii) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences that is expected to reverse within the tax holiday period.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2.11 Contingent liabilities and provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities if the outflow of resources is remote.

The Company does not recognise contingent assets unless the realization of the income is virtually certain, however these are assessed continually to ensure that the developments are appropriately disclosed in the financial statements.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 3 months from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of 3 months or less, as applicable.

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TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information
(All amounts are in United State Dollars(USD), unless otherwise stated)

3 Property, plant and equipment, Capital Work in Progress and Right of use assets

Particulars	Property, Plant and Equipment			Capital Work in Progress	Right of use assets
	Vehicles	Computer equipments	Total		
Gross block					
Balance as at 01 April 2022	-	1,121	1,121	852,564	-
Additions	20,418	-	20,418	23,811,113	8,370,949
Balance as at 31 March 2023	20,418	1,121	21,538	24,663,677	8,370,949
Additions	-	-	-	52,808,339	(129,034)
Balance as at 31 March 2024	20,418	1,121	21,538	77,472,016	8,241,915
Accumulated depreciation / amortisation					
Balance as at 01 April 2022	-	448	448	-	-
Depreciation/ amortisation for the year	340	224	564	-	19,667
Balance as at 31 March 2023	340	672	1,012	-	19,667
Depreciation/ amortisation for the year	4,080	226	4,306	-	117,698
Balance as at 31 March 2024	4,420	899	5,318	-	137,365
Net block					
Balance as at 31 March 2023	20,078	449	20,527	24,663,677	8,351,282
Balance as at 31 March 2024	15,998	222	16,220	77,472,016	8,104,550

i) As at 31 March 2024

Particulars	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Projects in Progress	52,807,320	23,898,693	689,169	76,834
(ii) Projects temporarily suspended	-	-	-	-
Total	52,807,320	23,898,693	689,169	76,834

ii) As at 31 March 2023

Particulars	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) Projects in Progress	23,976,573	618,841	68,263	-
(ii) Projects temporarily suspended	-	-	-	-
Total	23,976,573	618,841	68,263	-

24,663,677

77,472,016

689,169

23,898,693

77,472,016

16,220

8,104,550

23,976,573

618,841

68,263

24,663,677

77,472,016

689,169

76,834

24,663,677

77,472,016

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information

(All amounts are in United State Dollars(USD), unless otherwise stated)

4 Other financial assets	As at		As at	
	31 March 2024		31 March 2023	
Other receivables				
		6,000		-
		<u>6,000</u>		<u>-</u>
5 Other assets	As at 31 March 2024		As at 31 March 2023	
	Non-current	Current	Non-current	Current
a) Capital advances	2,632,622	-	5,331,014	-
b) Others				
i) Prepaid expenses	-	1,308,168	-	2,231,685
ii) Others (Deposits)	-	87,958	-	1,200
	<u>2,632,622</u>	<u>1,396,126</u>	<u>5,331,014</u>	<u>2,232,885</u>

Notes:

a) All of the Company's other current and non-current assets have been reviewed for indicators of impairment.

6 Cash and bank balances	As at		As at	
	31 March 2024		31 March 2023	
Cash and cash equivalents				
Balance with banks in current accounts		5,884,722		16,459,953
Deposit accounts (with original maturity less than 3 months)		10,241,269		-
Cash and cash equivalents as per statement of cash flows		<u>16,125,991</u>		<u>16,459,953</u>
Bank balances other than mentioned in cash and cash equivalents				
Balances with bank held as margin money		21,821,182		5,172,081
		<u>21,821,182</u>		<u>5,172,081</u>
Total		<u>37,947,173</u>		<u>21,632,034</u>

7 Equity share capital	As at 31 March 2024		As at 31 March 2023	
	Number	USD	Number	USD
Equity shares	100	34,980,000	100	24,980,000
Total	<u>100</u>	<u>34,980,000</u>	<u>100</u>	<u>24,980,000</u>

*100% of the interest of the Company are held by TCL INC.

8 Other equity	As at		As at	
	31 March 2024		31 March 2023	
Retained Earnings				
Balance at the beginning of the year		(1,276,101)		(264,327)
Add : Transfer from statement of profit and loss		(530,570)		(1,011,772)
Balance at the end of the year		<u>(1,806,671)</u>		<u>(1,276,099)</u>
Capital contribution from parent				
Balance at the end of the year		1,068,547		-
		<u>(738,125)</u>		<u>(1,276,099)</u>

9 Borrowings	As at 31 March 2024		As at 31 March 2023	
	Current	Non-Current	Current	Non-Current
<i>Secured - measured at amortised cost</i>				
Loan from EXIM	-	40,317,239	-	-
Loan from Huntington	14,957,985	-	-	-
Total Borrowings - Secured	<u>14,957,985</u>	<u>40,317,239</u>	<u>-</u>	<u>-</u>
<i>Unsecured - measured at amortised cost</i>				
Loan from related parties	-	-	27,673,996	-
Premium Financing Agreement	-	-	1,039,902	-
LC Bills Discounted	2,081,201	-	-	-
Total Borrowings - Unsecured	<u>2,081,201</u>	<u>-</u>	<u>28,713,898</u>	<u>-</u>

Notes:

i) The Company has assumed temporary liability of \$ 25,000,000 to the parent TCL INC. for purpose of setting up of a manufacturing plant. The loans carries an interest rate of 3 month SOFR plus 325 basis points. which is repayable within one year from the date of grant. This has been repaid in full on 12 September 2023

ii) The company has also borrowed \$ 2,625,000 from the group company Optimistic Organic SDN BHD which is repayable within 6 months from date of receipt of loan and carries a interest rate of SOFR plus 120 basis points p.a. This has been repaid in full on 11th July 2023

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

iii) The company has been sanctioned a loan of \$ 65,000,000 by Export Import Bank of India for setting up of a manufacturing plant. Out of the sanctioned amount, the bank has disbursed \$ 41,000,000 as of 31st March 2024. This loan carries an interest rate of 3 months SOFR plus 355 basis points p.a payable quarterly. The loan is repayable in 20 installments starting from 31st March 2027 after a moratorium of 24 months starting from 1st January 2025.

The repayment and interest schedule for the USD 41 million loan disbursed thus far is as follows:

Year	Principal	Interest
2023-2024	-	2,229,277
2024-2025	-	4,288,935
2025-2026	-	4,320,541
2026-2027	1,537,500	4,340,835
2027-2028	6,150,000	3,965,874
2028-2029	6,662,500	3,319,358
2029-2030	8,712,500	2,538,531
2030-2031	10,250,000	1,527,705
2031-2032	7,687,500	418,844
Total	\$ 41,000,000	\$ 26,949,901

iv) The company has been sanctioned a construction loan by West Virginia Economic development Authority (WVEDA) on 19th May 2022 to the extent of USD 15 Million. The loan can be availed by the company upon completion of the project. However, WVEDA has agreed to finance the project during the construction stage by facilitating a bridge loan through an interim lender (identified as Huntington Bank by WVEDA). As per the loan agreement, WVEDA will deposit USD 15 Million as cash collateral against which Huntington bank, being the interim lender, will advance the loan, in tranches to the company. As per the agreement, the amount provided by WVEDA will initially serve as collateral for the Interim Loan during construction of the project, and later be converted into a permanent loan for a term of 15 years from the Conversion Date. The loan tenure consists of two phases, Phase 1 is the construction period where the amount provided by WVEDA will act as collateral for the interim loan granted by Huntington Bank. Phase 2 is the period after completion of the project where the amount provided by WVEDA will convert into a permanent loan payable in 60 equal quarterly installments of principal and interest. The cash collateral provided by WVEDA has been disclosed as "Bank balance other than above" under financial assets (Refer Note No 6). The obligation against the cash collateral provided has been disclosed as "Other payables" under "Other financial liabilities." (Refer Note No 12)

The interim loan granted by the Huntington Bank has been structured to be an interest only, delayed draw maturity date loan wherein interest will be payable quarterly, and the outstanding principal balance of the loan shall be repaid in full on the maturity date (maturity date being the date of conversion of WVEDA proceeds into a permanent loan). Interest is payable at 3 month SOFR plus 111.5 basis points, payable quarterly. The loan is secured by the Cash Collateral provided by the West Virginia Economic Development Authority.

The repayment and interest schedule for the USD 15 million loan payable to WVEDA is as follows

Year	Principal	Interest
2023-2024	-	184,535
2024-2025	-	544,611
2025-2026	206,998	547,840
2026-2027	839,438	529,192
2027-2028	869,269	499,944
2028-2029	902,878	466,955
2029-2030	933,479	434,103
2030-2031	960,596	399,511
2031-2032	998,347	364,287
Thereon	9,288,993	1,427,704
Total	\$ 15,000,000	\$ 5,398,681

The repayment and interest schedule for the USD 15 million loan payable to Huntington Bank is as follows

Year	Principal	Interest
2023-2024	-	349,919
2024-2025	\$15,000,000	779,327
Total	\$ 15,000,000	\$ 1,129,246

v) The company has borrowed \$ 4,800,000 from OHIO Valley Industrial and Business Development Corporation (OVIBDC) for the purpose of setting up of a manufacturing plant. This is a forgivable loan which will be converted as a grant upon satisfaction of specific conditions post commissioning of plant. The entire loan has been treated as a Deferred income grant. It will be written off on a systematic basis over the useful life of the asset as per the guidance provided by IndAS 20. The company is still in its construction phase and hence has not capitalized any assets so far. Consequently, no proportion of the deferred income grant has been charged to revenue. Since the entire loan has been treated as a grant, no interest has been accrued for the year ended 31st March 2024.

vi) Reconciliation of movement of liabilities to cash flows arising from financing activities:

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

	Period ended 31 March 2024	Year ended 31 March 2023
Balance at the beginning of the year	28,713,898	-
A) Changes from financing cash flows		
(i) Proceeds from borrowings	58,081,201	29,169,129
(ii) Transaction costs related to borrowings	(328,100)	-
(iii) Repayment of borrowings	(28,713,898)	(507,286)
Total changes from financing cash flows	57,753,101	28,661,843
B) Other changes		
(i) Interest expense paid	(3,382,228)	(701,384)
(ii) Interest expense accrued	3,668,920	753,439
Guarantee fee	(,683,368)	-
Total other changes	(396,676)	52,055
Balance at the end of the year	57,356,425	28,713,898

10 Lease Liabilities

Current	-	-
Non Current	8,561,012	8,403,280
Total	8,561,012	8,403,280

11 Provisions

Provision for Expenses	1,131,824	31,315
Total	1,131,824	31,315

12 Other financial liabilities

	As at 31 March 2024		As at 31 March 2023	
	Non-current	Current	Non-current	Current
Capital creditors	-	6,393,789	-	1,376,990
Other payables	15,080,479	9,302	-	2,035
Total	15,080,479	6,403,091	-	1,379,025

13 Disclosure on financial instruments

I. Financial instruments by category

	As at 31 March 2024			As at 31 March 2023		
	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI
Financial assets						
Investments						
-Equity instruments*	-	-	-	-	-	-
-Mutual funds	-	-	-	-	-	-
Loans						
Trade receivables	-	-	-	-	-	-
Cash and bank balances	37,947,173	-	-	21,632,034	-	-
Foreign currency forward contracts	-	-	-	-	-	-
Other financial assets	6,000	-	-	-	-	-
Total financial assets	37,953,173	-	-	21,632,034	-	-

	As at 31 March 2024			As at 31 March 2023		
	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI
Financial liabilities						
Borrowings	57,356,425	-	-	28,713,898	-	-
Lease liabilities	8,561,012	-	-	8,403,280	-	-
Other financial liabilities	21,483,571	-	-	1,379,025	-	-
Total financial liabilities	87,401,008	-	-	38,496,203	-	-

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

II. Financial risk management

The Company's activities expose it to market risk, credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. The Company's senior management which is supported by a Treasury team manages these risks. The Treasury team advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by the Treasury Team that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The notes below explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and bank balances, Other financial assets	Credit ratings, confirmations	Diversification of bank deposits, and credit limits
Liquidity risk	Trade and other payables, other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Long term Borrowings	Sensitivity analysis	Not applicable

A. Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables, taking preemptive action on over due receivables.

Cash and bank balances and investments

The credit risk for cash and cash equivalents, fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings and the company is in the process of constantly evaluating the risks associated with the investment .

Other financial assets

Other financial assets comprises of amount recivable from the holding company. Since it is a related party, the associated credit risk is considered no/negligible.

B. Liquidity risk

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The treasury team's risk management policy includes an appropriate liquidity risk management framework for the management of the short-term, medium-term and long term funding and cash management requirements, including that which is required for meeting the projects of the company. The Company manages the liquidity risk by maintaining adequate cash reserves, committed credit facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposit, which carry no/negligible mark to market risks.

The following are the remaining contractual maturities of financial liabilities at the reporting date:

	As at 31 March 2024	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
Borrowings		4,437,306	17,101,898	38,839,114	19,567,173
Lease liabilities		84,548	126,821	1,768,575	46,241,618
Other financial liabilities		6,555,591	212,117	6,241,529	13,688,481
Total		11,077,445	17,440,836	46,849,219	79,497,273
	As at 31 March 2023				
Borrowings		29,803,622	-	-	-
Lease liabilities		84,548	84,548	1,694,299	46,998,692
Other financial liabilities		1,379,025	-	-	-
Total		31,267,195	84,548	1,694,299	46,998,692

C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's main exposure to interest risk arises from long term borrowings with floating rate.

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

Interest rate sensitivity analysis

The table below summarises the impact of increase/decrease of the interest rates at the reporting date, on the Company's equity and profit for the period. The analysis is based on the assumption of +/- 1% change.

	Profit before tax		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
As at 31 March 2024				
Term loan from bank	22,483	(22,483)	22,483	(22,483)
As at 31 March 2023				
Term loan from bank	-	-	-	-

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TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information

(All amounts are in United State Dollars(USD), unless otherwise stated)

	Year ended 31 March 2024	Year ended 31 March 2023
14 Revenue from Operations		
Sale of scrap (net of taxes recovered)	35,785	-
	35,785	-
15 Other income		
Interest income (Gross)	171,559	19,107
Exchange gain	(0)	
Dividend income from insurance	243	97
	171,801	19,204
16 Employee benefits expenses		
Salaries, wages and bonus	-	-
Contribution to statutory funds	-	-
	-	-
17 Finance costs		
Interest expense on lease liabilities	455,861	74,605
Interest on LC Bills Discounting	0	-
	455,861	74,605
3 Depreciation and Amortisation Expenses (Also, refer note 3)		
Depreciation of Property, Plant and Equipment	4,306	564
Amortisation of right of use assets	117,698	19,667
	122,004	20,231
18 Other expenses		
Legal and professional charges	42,688	507,175
Travelling and conveyance and accomodation	48,841	367,796
Rent	45,652	52,804
Rates and taxes	4,624	405
Internet Charges	845	644
Electricity Charges	-2,638	1,466
Postage and courier charges	2,561	-
Bank Charges	1,565	2,966
Printing and stationery	1,853	-
Insurance charges	3,205	-
Exchange Loss	10,326	-
Miscellaneous expenses	767	2,884
	160,291	936,140
19 Payment to Auditors		
Statutory audit	30,000	-
	30,000	-
20 Related parties		
a. Names of related parties and nature of relationship:		

Name of the related party	Nature of relationship
Thirumalai Chemicals Limited, India	Ultimate holding company
TCL Technology and Engineering, India	Division of Ultimate holding company
TCL Global B.V, Netherland	Holding company
TCL INC, USA	Holding company in USA
Optimistic Organic SDN BHD	By virtue of common control – JV of ultimate holding company
Gayathri Pravin	Director & President in TCL INC. & President of TCL SPECIALTIES LLC, Key Managerial Personnel (KMP)

a. Transactions with related parties for the year ended 31st March 2024 and 31st March 2023 are as follows,

Particulars of transaction	Name of the Related party	As at	As at
		31 st March, 2024	31 st March, 2023
Remuneration to KMP	Gayathri Pravin	150,000	150,000
Reimbursement of expenditure	Gayathri Pravin	44,301	19,518
Development of Plant and machinery	TCL Technology and Engineering, India	21,466,943	11,528,553
Purchase of Fixed Assets	TCL Technology and Engineering, India	907,193	-
Purchase of Fixed Assets	Thirumalai Chemicals Limited, India	683,778	900,700
Reimbursement of expenditure	Thirumalai Chemicals Limited, India	14,351	-
Interest payment	TCL Inc, USA	1,020,211	677,793
Interest payment	Optimistic Organic SDN BHD	47,659	-
Advance paid for development of Plant and machinery	TCL Technology and Engineering, India	17,062,998	8,827,675
Receipt of Loan	TCL Inc, USA	-	25,000,000
Receipt of Loan	Optimistic Organic SDN BHD	-	2,625,000
Repayment of Loan	TCL Inc, USA	25,000,000	-
Repayment of Loan	Optimistic Organic SDN BHD	2,625,000	-
Equity Infusion	TCL Inc, USA	1,000,000	5,750,000

TCL SPECIALTIES LLC

Summary of significant accounting policies and other explanatory information (Conti...)

(All amounts are in United State Dollars(USD), unless otherwise stated)

a. Balances with related parties

Particulars of transaction	Name of the Related party	As at	
		31 st March, 2024	31 st March, 2023
Advance paid pending adjustment	TCL Technology and Engineering, India	31,357,093	15,110,575
Trade payable	TCL Technology and Engineering, India	90,720	-
Loan Payable	Optimistic Organic SDN BHD	-	2,625,000
Loan Payable	TCL Inc, USA	-	25,000,000
Unbilled Payable	TCL Technology and Engineering, India	33,679,274	11,528,553
Trade payable	Thirumalai Chemicals Limited, India	90,070	-

21 Leases

The Company has entered into lease arrangement for leasing of its manufacturing facility including buildings and structures.

The following are amounts recognised in profit and loss:

	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation expense for right of use assets	117,698	19,667
Interest expense on lease liabilities	455,861	74,605
Total	573,559	94,272

Total cash outflow pertaining to lease

	Year ended 31 March 2024	Year ended 31 March 2023
Total cash outflow pertaining to lease during the period	169,095	42,274

Class of asset underlying asset for Right to Use

	As at 31 March 2024	As at 31 March 2023
Leasehold Land	8,104,550	8,351,282

Maturities of the financing lease liability and minimum payments for the lease having initial or remaining non-cancellable terms in excess of one year as of March 31, 2024, were as follows

Year ending March 31	Amount
2025	211,369
2026	339,881
2027	346,679
2028	353,613
2029	360,685
Thereon	46,609,516
Subtotal	48,221,743
Less : Imputed Interest	(39,660,732)
Total Minimum Lease Payment	8,561,012

Amortization of Right-of-use assets recognized in the Statement of operations for the year ended 31st March 2024 and 31st March 2023 are USD 117,698 and USD 19,667 respectively

22 Contingent Liabilities & Commitments

The Company utilizes letters of credit to provide security for obligations under the project-related contract. The balances of such obligations are as follows

	As at 31 March 2024 (in Lakhs)	As at 31 March 2023 (in Lakhs)
Letter of Credit	49.04	-
Future lease payment of Non cancellable lease contract	482.22	483.91

22 Events after the reporting period

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2024) and the date of approval of these financial statements ().

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**Independent Auditor's Report on special purpose financial statement prepared for Consolidation
Purposes for the financial year ended 31 March 2024**

From: Pranas Accounting, Tax and Bookkeeping Services, Inc., USA

To: Walker Chandio & Co LLP, India

Opinion

We have audited the financial statements of TCL Specialties LLC. ("the Company"), which comprise statement of financial position as at 31 March 2024, and statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement ("financial statement"), in our opinion, the accompanying financial statement of the Company are prepared, in all material respects, in accordance with group accounting policies of Thirumalai Chemicals Limited.

Basis for opinion

We conducted our audit in accordance with the International Standards of Auditing and Statements on Auditing Standards (SAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter basis of preparation

In accordance with your instructions dated 9th March 2024, we have audited, for purposes of your audit of the consolidated financial statements of Thirumalai Chemicals Limited (the "Group"), on the financial statement of TCL Specialties LLC. for the financial year ended 31 March 2024. This financial statement has been prepared solely to enable the Group to prepare its consolidated financial statements.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the AICPA code of professional conduct on Professional Ethics, Conduct and Practice ("AICPA code") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the AICPA code and the IESBA Code.

Management's responsibility

Management is responsible for the preparation and presentation of the financial statement in accordance with the Group's accounting policies. The management is also responsible for such internal control as the management determine is necessary to enable the preparation of financial statement of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement of the Company, the 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 the management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company 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 the International Standards of Auditing and Statements on Auditing Standards (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

Auditors' responsibility

As part of an audit in accordance with the International Standards of Auditing and Statements on Auditing Standards (SAS), we exercise professional judgement and maintain professional scepticism throughout the audit. We are also:





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

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

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

Restriction on use and distribution

The financial statement has been prepared for the purpose of providing information to the Group to enable it to prepare its consolidated financial statements. As a result, the financial statement is not a complete set of financial statement of TCL Specialties LLC in accordance with USGAAP, International Financial Reporting Standards ("IFRS") and is not intended to give a true and fair view of the financial position of TCL Specialties LLC as of 31 March 2024, and of its financial performance, and its cash flows for the year then ended in accordance with GAAP and IFRS. The financial statement may, therefore, not be suitable for another purpose.

This report is intended solely for Thirumalai Chemicals Limited and should not be used by, or distributed to, anyone in the Group, any of its components, or any other third party.

Pranas Accounting, Tax and Bookkeeping Services, Inc
2116, Wilshire Blvd,
Suite#241
Santa Monica, CA 90403.



Date:

