



TDK & Co.

Chartered Accountants
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To,
Board of Directors
Gem Aromatics LLC

Report on the audit of the Special Purpose Financial Statements

Opinion

1. We have audited the accompanying special purpose financial statements of Gem Aromatics LLC ("the Company"), which comprise the Balance Sheet as at 31st March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement for Cash Flow the year then ended and a summary of significant accounting policies and other explanatory notes. (collectively referred to as the "Special Purpose Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standards referred to in Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rule, 2015 (as amended from time to time) and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and total comprehensive income (comprising of profit/ loss and other comprehensive income), for the year then ended.

Basis for opinion

3. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Special Purpose Financial Statements".



Emphasis of matter - Basis of Accounting

4. Gem Aromatic LLC is a company incorporated in Delaware, USA . The company is not required to get its books of accounts audited as per the US Laws. Also, the Indian Auditing Standards are as such are not applicable to it. However, as the Gem Aromatic Limited (the "Parent Company") incorporated in India is going for an Initial Public Offer, Schedule VI – Part A (11)(I)(A)(ii) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") requires mandatory audit for a material subsidiary included in restated consolidated financial statements to be included DRHP. Further sub clause (c) to Part A (11)(I)(A)(ii) states that "the financial statements of foreign entities consolidated may be audited as per the requirements of local regulation applicable in the respective jurisdiction. However, in cases where the local regulation does not mandate audit, financial statements should be audited as per the auditing standards/ requirements applicable in India". Therefore, Gem Aromatic LLC being its wholly owned material foreign subsidiary, audit is mandatory. As the company is not required to get its books of accounts audited as per the US Laws, we have audited the Special Purpose Financial Statements for the year 31st March 2022 as per Indian Auditing standards prescribed under the Companies Act (2013).

5. The Special Purpose Financial Statements for the year ended 31st March 2022 have been prepared by the management in accordance with the Indian Accounting standards prescribed under section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind As") and other accounting principles generally accepted in India and are approved by the Board of Directors for the purpose of preparation of Restated Financial Information to be included in the in the Offer Documents in connection with the proposed initial public offering of equity shares of the Company. Our opinion is not modified in respect of the above matters.

Responsibilities of management and those charged with governance for the Special Purpose Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, changes in net assets of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, relevant to the preparation and presentation of the Special Purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

Auditor's responsibilities for the audit of the special purpose financial statements

8. Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 special purpose Ind AS financial statements.

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

- i. Identify and assess the risks of material misstatement of the Special Purpose 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.
- ii. 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.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. 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 Special Purpose 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.



- v. Evaluate the overall presentation, structure and content of the Special Purpose financial statements, including the disclosures, and whether the Special Purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

10. We report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The balance sheet as at 31st March 2022, and the income statement, statement of changes in equity and cash flow statement for the year then ended, dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Special Purpose financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position]
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.]
 - iii. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) In our opinion and based on the audit procedures, we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

Restriction on Use

This report is addressed to and provided to the Board of Directors of the Company solely for the purpose to enable the submission of the accompanying Special Purpose Financial statements to Gem Aromatics Limited and to its auditors – Chhajed & Doshi, Chartered Accountants for the purposes of preparation of Gem Aromatics Limited's consolidated financial statements for the year ended March 31, 2022, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For TDK & Co
Firm Registration Number: 109804W
Chartered Accountants


Neelanj Tilakchand Shah
Partner

Membership Number 121057



UDIN: 23121057BGWBEM9682

Place: Mumbai

Date: 21-Aug-2023

GEM AROMATICS LLC

CIN: 0450440340

Balance Sheet as at March 31, 2022

(in Rupees Million except as indicated otherwise)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
(A) Non-current assets			
Total non-current assets			
(B) Current assets			
(a) Inventories	(3)	52.51	152.76
(b) Financial assets			
(i) Trade receivables	(4)	106.53	25.88
(ii) Cash and cash equivalents	(5)	22.09	25.15
(c) Other assets	(6)	0.26	1.56
Total current assets		181.40	205.35
Total assets		181.40	205.35
EQUITY AND LIABILITIES			
(A) Equity			
(a) Share capital	(7)	3.80	3.80
(b) Other equity	(8)	15.35	7.14
Total equity		19.15	10.94
(B) Liabilities			
(I) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	(9)		
1. Dues of micro enterprises and small enterprises		-	-
2. Dues of creditors other than micro enterprises and small enterprises		163.37	194.15
(b) Current tax liabilities (net of advance tax)		(1.12)	0.26
Total current liabilities		162.25	194.41
Total Equity and Liabilities		181.40	205.35

Significant accounting policies

2

The accompanying notes from 1 to 26 form an integral part of the financial statements

As per our report of even date attached.

For TDK & Co.

Chartered Accountants

Firm's Registration Number: 109804W

CA Neelanj Shah

Partner

Membership Number: 121057

Place : Mumbai

Date : 21-Aug-2023



For and on behalf of the Board of Directors of

Gem Aromatics LLC

CIN: 0450440340

Yash V. Parekh

Authorized Representative

Place : Mumbai

Date : 21-Aug-2023



GEM AROMATICS LLC

CIN: 0450440340

Statement of Profit and Loss for the year ended March 31, 2022

(in Rupees Million except as indicated otherwise)

Particulars	Note	Year ended March 31, 2022	Year ended March 31, 2021
(1) Income			
(a) Revenue from operations	(10)	296.51	173.93
(b) Other income	(11)	-	-
Total Income		296.51	173.93
(2) Expenses			
(a) Purchases	(12)	159.71	314.28
(b) Changes in inventories	(13)	100.24	(152.76)
(c) Other expenses	(14)	24.35	4.06
Total Expenses		284.30	165.58
(3) Profit before tax (1-2)		12.21	8.35
(4) Tax expense			
(a) Current tax	(19)	2.20	2.07
(b) Tax expense relating to prior years		-	-
(c) Deferred tax charge / (credit)		-	-
Total tax expense		2.20	2.07
(5) Profit for the year		10.00	6.28
(6) Other comprehensive income/(loss)			
(1) Items that will be reclassified subsequently to profit or loss			
(a) Exchange differences on translation of financial statements of foreign operations		(1.80)	1.43
Total other comprehensive income/(loss)		(1.80)	1.43
(7) Total comprehensive income for the year		8.21	7.71
Earnings per share (EPS)	(18)		
(1) Basic EPS (Rs.)		1,641.13	1,541.24
(2) Diluted EPS (Rs.)		1,641.13	1,541.24

Significant accounting policies

2

The accompanying notes from 1 to 26 form an integral part of the financial statements

As per our report of even date attached.

For TDK & Co.

Chartered Accountants

Firm's Registration Number: 109804W

CA Neelanj Shah

Partner

Membership Number: 121057

Place : Mumbai

Date : 21-Aug-2023



For and on behalf of the Board of Directors of

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Yash V. Parekh

Authorized Representative

Place : Mumbai

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GEM AROMATICS LLC

CIN: 0450440340

Statement of Cash flows for the year ended March 31, 2022

(in Rupees Million except as indicated otherwise)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(A) Cashflows from operating activities		
Profit/(loss) before tax	12.21	8.35
Adjustments for:		
Non-Cash Items	-	(0.13)
Operating cash flow before working capital changes	12.21	8.22
Adjustment for changes in working capital:		
(Increase) / Decrease in inventories	100.24	(152.76)
(Increase) / Decrease in trade receivables	(80.66)	(10.62)
(Increase) / Decrease in other assets	1.30	(1.56)
Increase / (Decrease) in trade payables	(30.77)	178.49
Increase / (Decrease) in current tax liabilities	(1.38)	0.26
Cash generated from operations	0.94	22.03
Taxes paid (net of refunds)	(2.20)	(2.07)
Net cashflows from operating activities	(1.26)	19.96
(B) Cashflows from investing activities		
Net cashflows from investing activities	-	-
(C) Cashflows from financing activities		
Net cashflows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents (A)	(1.26)	19.96
Cash and cash equivalents at the beginning of the year	25.15	3.77
Effect of exchange rate	(1.80)	1.43
Cash and cash equivalents at the end of the year	22.09	25.15
Cash and cash equivalents comprise of:		
Balance with banks:		
In current accounts	22.09	25.15
Total cash and cash equivalents	22.09	25.15

Notes :

The cashflow statement has been prepared under the indirect method as set out in Indian Accounting standard (Ind AS 7) Statement of cash flows' as specified under section 133 of the Companies Act, 2013.

As per our report of even date attached.

For TDK & Co.

Chartered Accountants

Firm's Registration Number: 109804W

CA Neelanj Shah

Partner

Membership Number: 121057

Place : Mumbai

Date : 21-Aug-2023



For and on behalf of the Board of Directors of

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Yash V. Parekh

Authorized Representative

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Date : 21-Aug-2023



GEM AROMATICS LLC

CIN: 0450440340

Statement of Changes in Equity for the year ended March 31, 2022

(A) Equity share capital

(in Rupees Million except as indicated otherwise)

Particulars	Amount (In Rupees Million)
Balance as at April 01, 2020	3.80
Changes in equity share capital during the year	-
Balance as at March 31, 2021	3.80
Changes in equity share capital during the year	-
Balance as at March 31, 2022	3.80

(B) Other equity

Particulars	Reserve and Surplus		Total equity
	Other Comprehensive Income	Retained earnings	
Balance as at April 1, 2020	(0.06)	(0.37)	(0.43)
Add/Less: During the year	1.43	(0.13)	1.29
Profit for the year	-	6.28	6.28
Balance as at March 31, 2021	1.37	5.77	7.14
Balance as at April 1, 2021	1.37	5.77	7.14
Add/Less: During the year	(1.80)	-	(1.80)
Profit for the year	-	10.00	10.00
Balance as at March 31, 2022	(0.43)	15.78	15.35

Nature and purpose of reserves

(a) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date net of appropriations. It is available for distribution to shareholders.

The accompanying notes from 1 to 26 form an integral part of the financial statements

As per our report of even date attached.

For TDK & Co.

Chartered Accountants

Firm's Registration Number: 109804W

CA Neelanj Shah

Partner

Membership Number: 121057

Place: Mumbai

Date: 21-Aug-2023



For and on behalf of the Board of Directors of

Gem Aromatics LLC

CIN: 0450440340

Yash V. Parekh

Authorized Representative

Place: Mumbai

Date: 21-Aug-2023



GEM AROMATICS LLC

CIN: 0450440340

Notes to the financial statements as at March 31, 2022

1 Corporate information

Gem Aromatics LLC is a Limited Liability Company incorporated in United States of America on November 19, 2019 under the laws of Delaware. It is wholly owned subsidiary of Gem Aromatics Limited (formerly known as Gem Aromatics Pvt. Ltd.). The registered address of the company is 208 - West State Street Trenton, New Jersey 08608-1002. The Company is primarily engaged in the business of general trading of essential oils and aroma chemicals.

Significant accounting policies

2 Basis of preparation

The special purpose financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The special purpose financial statements of the Company have been prepared and presented in accordance with the group accounting policies as adopted in the Restated financial information statements for the year ended March 31, 2022 by the group company Gem Aromatics Limited (formerly known as Gem Aromatics Pvt. Ltd.) and presentation requirements of Division II of Schedule III to the India Companies Act, 2013, with effect from April 01, 2021.

The financial statements have been prepared on an accrual basis under the historical cost convention basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). The financial statements are presented in Indian Rupees "INR" which is Company's presentation currency. All values are rounded off to nearest Millions, except when otherwise indicated.

These financial statements have been prepared by the Management of the for the purpose of inclusion in the Draft red herring prospectus ("DRHP" or "offer document") to be filed by the Gem Aromatics Limited (formerly known as Gem Aromatics Pvt. Ltd.) ("Parent Company") with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering.

2.01 Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost includes its purchase price including non-refundable taxes and duties, directly attributable costs of bringing the asset to its present location and condition.

Subsequent costs are included in the asset's carrying amount or Recognized as a separate asset, as appropriate, 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 derecognized when replaced. All other repairs and maintenance are charged to statement of profit or loss during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates.

Depreciation

Depreciation on property, plant and equipment is provided on written down method, which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

Depreciation commences when the assets are ready for their intended use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing net disposal proceeds with carrying amount. These are included in the statement of profit and loss.

The estimated useful lives are as follows :

Assets	Usefull life (years)
Building	30
Plant and Machinery	15
Electric Installation	15
Office equipment	10
Furnitures and Fixtures	10
Vehicles	8
Computers	6
Land	-



GEM AROMATICS LLC

CIN: 0450440340

Notes to the financial statements as at March 31, 2022

2.02 Impairment of property, plant and equipment and intangible assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's each class of the property, plant and equipment or intangible assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

2.03 Current versus 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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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
- It is held primarily for the purpose of trading
- 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.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company's normal operating cycle is twelve months.

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

2.04 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amount approximates fair value to due to short term maturity of these instruments.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 16)
- Financial instruments (including those carried at amortised cost) (Note 16)



GEM AROMATICS LLC

CIN: 0450440340

Notes to the financial statements as at March 31, 2022

2.05 Revenue from contract with customers

Revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company identifies the performance obligations in its contracts with customers and recognises revenue as and when the performance obligations are satisfied.

Revenue from inter-company arrangement is recognised based on transaction price which is at arm's length based on transfer pricing arrangement.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Interest income:

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export Incentive / Duty drawback :

Duty drawback income is recognised when right to receive such benefits is established. Further, in cases where there is uncertainty of such benefits, revenue is recognised when benefits are received.

2.06 Inventories

Inventories are valued at the lower of cost and net realisable value.

2.07 Taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Taxable profit may differ from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

2.08 Foreign Currency translation

Functional and Presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates which is the United States Dollar USD ('the functional currency'). The Financial statements are presented in Indian rupee (INR), which is presentation currency of the Company. Transactions in functional currency is translated into presentation currency at the prevailing exchange rates and are included in other comprehensive income (OCI), net of taxes as exchange difference on the translation of foreign exchange.

Transaction and balances

Transactions in foreign currencies are initially recognised in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the reporting date and foreign exchange gain or loss are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.09 Provisions and Contingent Liabilities

Provisions:

A provision is recognized when the company has a present obligation (legal or constructive) as a result of 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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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 recognized as a finance cost.



GEM AROMATICS LLC

CIN: 0450440340

Notes to the financial statements as at March 31, 2022

Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

2.10 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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are attributable to the acquisition of financial asset. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 2.05 for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes loans and other financial assets.

A 'financial asset' is measured at FVOCI if both the following conditions are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL.



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Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes investments in mutual funds. Dividends on such investments are recognised in the statement of profit and loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from a Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired, if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Derecognition

A financial liability is derecognised 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 in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

Forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in other comprehensive income in cash flow hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedging reserve within equity.



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2.11 The Company as a lessee

The Company's lease asset classes primarily consist of leases for factory Plant and Machinery including factory building. The Company assesses whether a contract contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. 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 term of the lease.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term.

2.12 Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise of cash balances at banks, on hand cash balances and demand deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

In the cash flow statement, cash and cash equivalents includes cash in hand, cash at bank, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year after deducting any attributable tax thereto for the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.14 Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Board evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators by business segments. Inter segment sales and transfers are reflected at market prices. Unallocable items includes general corporate income and expense items which are not allocated to any business segment.

2.15 Significant accounting estimates, judgements and assumptions

The preparation of the Company's Standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the Standalone financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future year affected.

In the process of applying the Company's accounting policies, management has made the following judgements which have significant effect on the amounts Recognized in the Standalone financial statements:

a. Useful lives of property, plant and equipment and intangible assets: The Company reviews the useful life of property, plant and equipment and intangibles at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

b. Contingencies: Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against company as it is not possible to predict the outcome of pending matters with accuracy.



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c. Fair value measurements and valuation processes: Some of the Companies assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements such as Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

d. Estimation of defined benefit plans :The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligation.

d. Tax expense: Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Group determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognized on closure of assessment or in the period in which they are agreed.

f. Operating lease commitments - Comapny as lessor The Company has entered into lease agreement for certain plant and machinery. The Company has determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the asset and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.



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Notes to the financial statements as at March 31, 2022

(in Rupees Million except as indicated otherwise)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
(3) Inventories (Valued at lower of cost and net realisable value)		
Stock in trade	52.51	152.76
Total Inventories	52.51	152.76
(4) Trade receivables		
Unsecured, considered good		
- Third Party	106.53	25.88
Total trade receivables	106.53	25.88
Ageing of Trade receivables		
Undisputed Trade receivables – considered good		
- Not due	-	-
- Less than 6 months	106.29	25.88
- 6 months – 1 year	-	-
- 1-2 years	0.24	-
- 2-3 years	-	-
- More than 3 years	-	-
Total	106.53	25.88
(5) Cash and cash equivalents		
Balances with banks		
In current accounts	22.09	25.15
Total cash and cash equivalents	22.09	25.15
(6) Other assets		
Current assets		
Prepaid expenses	0.26	0.79
Balance with government authorities	-	0.78
Total current assets	0.26	1.56



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(In Rupees Million except as indicated otherwise)

Particulars	As at March 31, 2022	As at March 31, 2021
(7) Equity share capital		
<i>Authorised</i>		
5,000 equity shares of face value \$ 10 each	3.80	3.80
	3.80	3.80
<i>Issued, subscribed and fully paid-up</i>		
5,000 equity share of face value \$10 each fully paid up	3.80	3.80
	3.80	3.80

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount (in Rupees Millions)	Number of shares	Amount (in Rupees Millions)
<i>Equity shares</i>				
At the commencement of the year	5,000	3.80	-	-
Issued during the year	-	-	5,000	3.80
At the end of the year	5,000	3.80	5,000	3.80

(b) Particulars of shareholders holding more than 5% shares of a class of shares

Particulars	As at March 31, 2022		As at March 31, 2021	
	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares
Equity shares of \$ 10 each fully paid-up held by				
Gem Aromatics Limited - Holding Company (Formerly known as Gem Aromatics Pvt. Ltd.)	100%	5,000	100%	5,000

(c) Details of shares held by promoters

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Gem Aromatics Limited	5,000	-	5,000	100%	-
Total	5,000	-	5,000	100%	-

As at March 31, 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Gem Aromatics Limited	-	5,000	5,000	100%	-
Total	-	5,000	5,000	100%	-

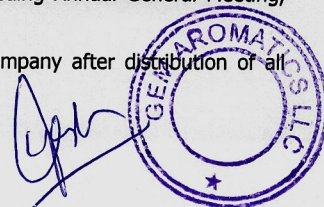
(d) Rights, preferences and restrictions attached to equity shares

Entire equity share capital accounts for one hundred percent (100%) of the membership interest in Gem Aromatics LLC

The Company has one class of equity shares having a par value of \$ 10 per share. In respect of every equity share (whether fully paid or partly paid), voting right shall be in the same proportion as the capital paid up on such equity share bears to the total paid up equity capital of the company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



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Notes to the financial statements as at March 31, 2022

(in Rupees Million except as indicated otherwise)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
(8) Other equity		
Other Comprehensive Income	(0.43)	1.37
Retained earnings	15.77	5.77
Total other equity	15.35	7.14
Movement of other equity		
Other Comprehensive Income		
At the commencement of the year	1.37	(0.06)
Add/(Less): During the year	(1.80)	1.43
At the end of the year	(0.43)	1.37
Retained earnings		
At the commencement of the year	5.77	(0.37)
Profit for the year	10.00	6.28
Add/Less: Adjustments to opening Reserves	-	(0.13)
Add: Accumulated Liability of Gratuity of Earlier Years	-	-
Less: Dividend adjusted for previous year	-	-
Less: Dividend tax adjusted for previous year	-	-
Less: Transferred to General Reserve	-	-
At the end of the year	15.77	5.77
(9) Trade payables		
Current trade payables (Net of Advance received)		
- Dues of micro enterprises and small enterprises	-	-
- Dues of creditors other than micro enterprises and small enterprises	6.57	3.27
- Related parties (Refer note 15)	156.80	190.88
Total current trade payables	163.37	194.15
Ageing of trade payable		
<i>Total outstanding dues of creditors other than micro enterprises and small enterprises</i>		
- Not due		
- Less than 1 year	144.51	193.89
- 1-2 years	18.86	0.26
- 2-3 years	-	-
- More than 3 years	-	-
Total Trade payables	163.37	194.15



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Notes to financial statements for the year ended March 31, 2022

(in Rupees Million except as indicated otherwise)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(10) Revenue from operations		
Sale of products		
- Domestic sales	296.51	173.93
- Export	-	-
	296.51	173.93
b) Other Operating revenues		
- Others	-	-
Total Revenue from operations	296.51	173.93
(11) Other income		
Miscellaneous income	-	-
Total other income	-	-
(12) Purchases		
Purchase of stock in trade	159.71	314.28
Purchases	159.71	314.28
(13) Changes in inventories		
At the beginning of the year		
Stock in Trade (A)	152.76	-
At the end of the year		
Stock in Trade (B)	52.51	152.76
Change (A-B)	100.24	(152.76)
(14) Other expenses		
Freight charges	5.64	1.78
Legal and professional charges	5.74	0.44
Rates and taxes*	0.06	0.00
Inventory holding model charges	8.52	-
License and registration fees	0.15	-
Insurance charges	1.83	1.19
Warehouse storage charges	1.11	0.58
Travelling and conveyance	0.01	-
Bank charges and commission	0.01	0.01
Miscellaneous expenses	1.28	0.06
Total other expenses	24.35	4.06

* Amount less than 0.01 Million



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Notes to financial statements for the year ended March 31, 2022

(15) Related party transactions

(a) Related parties

Sr. No	Name of the party	Nature of relationship
1	Gem Aromatics Limited (Formerly known as Gem Aromatics Pvt. Ltd.)	Holding Company

(b) Key managerial personnel

Sr. No	Particulars	Nature of relationship
1	Yash V Parekh	Authorized Representative

(c) Details of transactions with related parties (in Rupees Million except as indicated otherwise)

Sr. No	Nature of Transaction	March 31, 2022	March 31, 2021
A	Transactions during the year		
1	Purchases Gem Aromatics Limited	156.05	314.28
2	Reimbursement Paid Gem Aromatics Limited	-	0.90

Sr. No	Balances	March 31, 2022	March 31, 2021
B	Balances as at		
1	Trade Payables Gem Aromatics Limited	156.59	190.90
2	Reimbursement Payables Gem Aromatics Limited	0.02	-
3	Reimbursement Receivables Gem Aromatics Limited	-	0.02

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

(16) Fair value measurement

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value those include cash and cash equivalents, other bank balances, trade receivables and trade payables.

(a) Financial instruments by category

At amortised cost	March 31, 2022	March 31, 2021
Assets		
Trade receivables	106.53	25.88
Cash and cash equivalents	22.09	25.15
Total assets	128.62	51.03
Liabilities		
Trade payables	163.37	194.15
Total liabilities	163.37	194.15

Note: Carrying amounts of cash and cash equivalents, bank balances, trade receivables, loans, borrowings, other financial liabilities and trade payables as at period ended March 31, 2022 and March 31, 2021 approximate their fair value due to their short-term nature. Difference between carrying amounts and fair values of other financial assets and other financial liabilities subsequently measured at amortised cost is not significant in each of the periods presented.



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Notes to the financial statements as at March 31, 2022

(17) Ratios

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.12	1.06	5.84%	On account of higher payables to the Parent Entity in India
Debt- Equity Ratio	Total Debt	Shareholder's Equity	NA	NA	NA	NA
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	NA	NA	NA	NA
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	66.5%	87.8%	-24.24%	Base Effect from Previous Year
Inventory Turnover ratio	Cost of goods sold	Average Inventory	NA	NA	NA	NA
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	4.48	5.19	-13.72%	Slow down in turnaround and repayment by debtors
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	0.89	3.00	-70.18%	Slow down in turnaround and repayment by debtors resulted in cashflow shortages and hence delayed the payment to creditors
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	15.49	15.90	-2.59%	Fairly Stable in the same range
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	3.37%	3.61%	-6.54%	Fairly Stable in the same range
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	63.75%	76.37%	-16.52%	Base Effect from Previous Year



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Notes to financial statements for the year ended March 31, 2022

(18) Earnings per share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit attributable to the equity holders of the Company (Rs in Millions)	8.21	7.71
Weighted average number of equity shares for EPS (in nos)	5,000	5,000
Weighted average number of equity shares for Diluted EPS (in nos)	5,000	5,000
Earnings per share (In Rupees)		
- Basic (INR)	1,641.13	1,541.24
- Diluted (INR)	1,641.13	1,541.24
Face value per equity share (\$)	\$10.00	\$10.00

(19) Income tax expense

This note provides analysis of Company's income tax expense, amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates in relation to the Company's tax position.

(a) Income tax expense is as follows:

(in Rupees Million except as indicated otherwise)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(a) Profit and loss		
Current tax	2.20	2.07
Tax expense relating to prior years	-	-
Deferred tax	-	-
Total tax expense	2.20	2.07
Income tax expense	2.20	2.07

(b) Reconciliation of tax expense and the accounting profit computed by applying income tax rate:

(in Rupees Million except as indicated otherwise)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit before tax	12.21	8.35
Tax rate	30.00%	30.00%
Computed tax expense	3.66	2.51
Expenses not deductible for tax purpose	-	-
Tax expense relating to prior years	-	-
Impact due to change in tax rate	-	-
Others	(1.46)	(0.44)
Income tax expense	2.20	2.07

(20) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker for assessing the Company's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.

The Company is engaged into business of essential oils and aroma chemicals which is single reportable business segment and has its sales only in the US. Hence the Company's financial statements reflect the position for both reportable segment and geographical segment. Accordingly, no separate disclosure is required



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Notes to financial statements for the year ended March 31, 2022

(21) Other Statutory Information

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(22) Commitments and contingent liabilities

There are no contingent liabilities and commitments as of year ended March 31, 2021.

(23) Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through available cash and cash equivalents.

(24) There are no material subsequent events which have occurred between the reporting date as on March 31, 2022 and adoption of financial statement by board of directors as on August 21, 2023.

(25) The financial statements were authorised for issue by the Company's Board of directors on August 21, 2023.

(26) The Financial statements for the year ended March 31, 2021 has been prepared in accordance with Ind AS. For the period upto and including period ended March 31, 2020, the company prepared its financial statements in accordance with the accounting standards generally accepted in the place of its operation i.e. United States of America Generally Accepted Accounting Principles (US GAAP) and the same has been later translated after giving effect to and necessary adjustments to comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the half year ending on March 31, 2023, together with the comparative period data as at and for the period ended March 31, 2022 and March 31, 2021 as described in the summary of significant accounting policies.

The transition from US GAAP to Ind AS did not have a material impact on the financial statements.

For TDK & Co.

Chartered Accountants

Firm's Registration Number: 109804W

CA Neelanj Shah

Partner

Membership Number: 121057

Place: Mumbai

Date: 21-Aug-2023



For and on behalf of the Board of Directors of

Gem Aromatics LLC

CIN: 0450440340

A handwritten signature in blue ink, appearing to read "Yash V. Parekh".

Yash V. Parekh

Authorized Representative

Place: Mumbai

Date: 21-Aug-2023

