

INDEPENDENT AUDITORS' REPORT

To The Members of
KRYSTAL INGREDIENTS PRIVATE LIMITED

Report on the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **KRYSTAL INGREDIENTS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at **March 31, 2023**, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Cash Flow for the year then ended, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and its loss, total comprehensive income/(loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

2. We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

4. The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are 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 Board of Directors 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 Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

6. As required by section 143 (3) of the Act, 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 purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e. On the basis of written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164 (2) of the Act.



- f. The provisions of Section 143(3)(i) regarding reporting on adequacy of internal financial control does not apply to the Company.
- g. In accordance with the requirements of section 197(16) of the Act, as amended:
As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a private company.
- h. 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; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
- iv. (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.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. Proviso to Rule 3(1) of Companies (Accounts) Rule, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.



7. This report does not include a statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143 of the Companies Act, 2013, since in our opinion and according to the information and explanation given to us the said order is not applicable to the company.

Place: Mumbai
Date: 21st August, 2023

For CHHAJED & DOSHI
Chartered Accountants
[FRN 101794W]

Abhinav Chhajed
Abhinav Chhajed

Partner

M. No. 196452

UDIN: 23196452BGSVRJ7713



Krystal Ingredients Private Limited

Balance Sheet as at March 31, 2023

(Rupees in 000's)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
(A) Non-current assets			
(a) Right-of-use asset	(3)	87,100.41	88,062.80
(b) Capital work in progress	(3)	783.87	-
(c) Deferred tax assets (net)	(5)	4,658.86	1,951.64
(d) Other non-current assets	(6)	4,726.48	2,710.08
Total Non-current assets		97,269.62	92,724.52
(B) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	(7)	189.07	77.69
(ii) Other financial assets	(4)	435.00	435.00
(b) Other current assets	(6)	3,541.82	5.44
Total Current assets		4,165.89	518.13
Total Assets		1,01,435.51	93,242.65
EQUITY AND LIABILITIES			
(A) Equity			
(a) Equity share capital	(8)	100.00	100.00
(b) Other equity	(9)	(14,616.79)	(6,567.41)
Total Equity		(14,516.79)	(6,467.41)
(B) Liabilities			
(I) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	(10)	1,14,671.53	98,898.77
Total Non-current liabilities		1,14,671.53	98,898.77
(II) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	(11)	-	-
1. Dues of micro enterprises and small enterprises		-	-
2. Dues of creditors other than micro enterprises and small enterprises		271.10	104.00
(b) Other current liabilities	(12)	1,009.67	707.29
Total Current liabilities		1,280.77	811.29
Total Equity and Liabilities		1,01,435.51	93,242.65

Significant accounting policies

2

The accompanying notes from 1 to 30 form an integral part of the financial statements.

As per our report of even date

For Chhajed and Doshi
Chartered Accountants
Firm's Reg. No.: 101794W

A Chhajed

CA Abhinav Chhajed
Partner
Membership Number: 196452
Place : Mumbai
Date : 21-08-2023



For and on behalf of the Board of
Krystal Ingredients Private Limited
CIN: U24299MH2021PTC359408

Vipul N. Parekh

Vipul N. Parekh
Director
DIN : 00235974
Place : Mumbai
Date : 21-08-2023

Kaksha V. Parekh

Kaksha V. Parekh
Director
DIN : 00235998
Place : Mumbai
Date : 21-08-2023



Krystal Ingredients Private Limited

Statement of Profit and Loss for the year ended March 31, 2023

(Rupees in 000's)

Particulars	Note	For the year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022
(1) Income		-	-
Total Income		-	-
(2) Expenses			
(a) Finance costs	(13)	9,317.52	7,102.87
(b) Depreciation and amortisation expense	(14)	962.39	764.64
(c) Other expenses	(15)	476.69	651.54
Total Expenses		10,756.60	8,519.05
(3) Profit before tax (1-2)		(10,756.60)	(8,519.05)
(4) Tax expense	(22)		
(a) Current tax		-	-
(b) Deferred tax (charge) / credit		2,707.22	1,951.64
Total tax expense		2,707.22	1,951.64
(5) Profit /(Loss) for the year		(8,049.38)	(6,567.41)
(6) Other Comprehensive Income /(loss)			
(1) Items that will be reclassified to Profit / (Loss)		-	-
(2) Items that will not be reclassified subsequently to Profit / (Loss)		-	-
Total Other Comprehensive Income /(Loss)		-	-
(7) Total Comprehensive Income /(Loss) for the year		(8,049.38)	(6,567.41)
Earnings per share (EPS)	(21)		
(1) Basic EPS (Rs.)		(804.94)	(696.83)
(2) Diluted EPS (Rs.)		(804.94)	(696.83)

Significant accounting policies

2

The accompanying notes from 1 to 30 form an integral part of the financial statements.

As per our report of even date

For Chhajed and Doshi
Chartered Accountants
Firm's Reg. No.: 101794W

Chhajed

CA Abhinav Chhajed
Partner
Membership Number: 196452
Place : Mumbai
Date : 21-08-2023



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CIN: U24299MH2021PTC359408

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Place : Mumbai
Date : 21-08-2023



Krystal Ingredients Private Limited

Statement of Cash flows for the year ended March 31, 2023

(Rupees in 000's)

Particulars	For the year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022
(A) Cashflows from operating activities		
Profit before tax	(10,756.60)	(8,519.05)
Adjustment for:		
Amortisation of right-of-use assets	962.39	764.64
Interest expense	9,296.21	7,102.87
Operating cash flow before working capital changes	(498.00)	(651.54)
Adjustment for changes in working capital:		
(Increase) / Decrease in other financial assets	-	(435.00)
(Increase) / Decrease in other current assets	(3,536.38)	(5.44)
Increase / (Decrease) in trade payables	167.10	104.00
Increase / (Decrease) in other current liabilities	302.38	707.29
Cash generated from operations	(3,564.90)	(280.69)
Taxes paid (net of refunds)		
Net cashflows from operating activities	(3,564.90)	(280.69)
(B) Cashflows from investing activities		
Purchase of property, plant and equipment and intangible assets	(783.87)	(88,827.44)
Capital advance	(2,016.41)	(2,710.08)
Net cashflows from investing activities	(2,800.28)	(91,537.52)
(C) Cashflows from financing activities		
Borrowings (net)	6,476.56	91,795.90
Issue of share capital	-	100.00
Net cashflows from financing activities	6,476.56	91,895.90
Net (decrease)/increase in cash and cash equivalents (A+B+C)	111.38	77.69
Cash and cash equivalents at the beginning of the year	77.69	-
Cash and cash equivalents at the end of the year	189.07	77.69
Cash and cash equivalents comprise of:		
Balance with banks:		
In current accounts	189.07	77.69
Total Cash and cash equivalents	189.07	77.69

Significant accounting policies

2

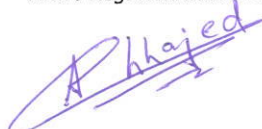
The accompanying notes from 1 to 30 form an integral part of the financial statements.

Note :

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

For Chhajed and Doshi
Chartered Accountants
Firm's Reg. No.: 101794W



CA Abhinav Chhajed
Partner
Membership Number: 196452
Place : Mumbai
Date : 21-08-2023



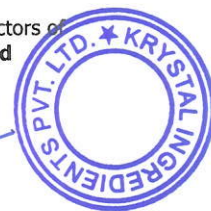
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DIN : 00235998
Place : Mumbai
Date : 21-08-2023



Krystal Ingredients Private Limited

Statement of Changes in Equity for the year ended March 31, 2023

(A) Equity share capital

(Rupees in 000's)

Particulars	Amount
Balance as at April 22, 2022	100.00
Changes in equity share capital during the year	-
Balance as at March 31, 2023	100.00
Balance as at April 22, 2021	-
Changes in equity share capital during the year	100.00
Balance as at March 31, 2022	100.00

(B) Other equity

(Rupees in 000's)

Particulars	Retained earnings	Total equity
Balance as at April 1, 2022	(6,567.41)	(6,567.41)
Loss for the year	(8,049.38)	(8,049.38)
Balance as at March 31, 2023	(14,616.79)	(14,616.79)
Balance as at April 22, 2021	-	-
Loss for the year	(6,567.41)	(6,567.41)
Balance as at March 31, 2022	(6,567.41)	(6,567.41)

Nature and purpose of reserves

(a) **Retained Earnings:** Retained earnings are the profits/(loss) that the Company has earned/(incurred) till date net of appropriations.

The accompanying notes from 1 to 30 form an integral part of the financial statements.

As per our report of even date

For Chhajed and Doshi
Chartered Accountants
Firm's Reg. No.: 101794W



CA Abhinav Chhajed
Partner
Membership Number: 196452
Place : Mumbai
Date : 21-08-2023



For and on behalf of the Board of Directors of
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CIN: U24299MH2021PTC359408



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Director
DIN : 00235998
Place : Mumbai
Date : 21-08-2023



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

1 Corporate information

Krystal Ingredients Private Limited is a Private Limited Company incorporated on 22nd April, 2022 under the provisions of the Companies Act 2013. The company is a wholly owned subsidiary of Gem Aromatics Private Limited having its registered office in the state of Maharashtra. The Company intends to carry on business as manufacturers, importer and exporters of natural - like & synthetic oils, aroma chemicals and other related products. The financial statements of the company for the year ended March 31, 2023 were approved and authorized for issue by board of directors in their meeting held on August 21, 2023.

Significant accounting policies

2 Basis of preparation

The 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.

For period up to and including the period ended March 31, 2022, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2023 are the first financials, the Company has prepared in accordance with Ind AS. Refer to note 20 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost 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 thousands" (Rupees Thousands) which is also the Company's functional currency.

2.01 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.

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

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

2.02 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 best economic 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.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

2.02 Fair value measurement (Continued)

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 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 17)
- ▶ Financial instruments (including those carried at amortised cost) (Note 17)

2.03 Revenue from contract with customers

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation.

Sale of products:

Revenue from sale of products is recognised when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Rendering of services:

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered.

2.04 Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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.

Deferred Tax

Deferred tax is recognised using balance sheet approach at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at the reporting date.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in a year when asset is realised or the liability is expected to be settled based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

2.05 Provisions and Contingent Liabilities

Provisions:

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

2.06 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 2.03 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 (FVOCI) with recycling of cumulative gains and losses
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition

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.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

2.06 Financial Instruments (Continued)

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.

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 Company 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 group 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 right to receive cash flows from the asset and either :

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

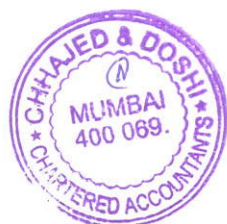
- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

2.07 The Company as a lessee

The Company's lease asset classes primarily consist of leases for land. 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 recognises 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 recognises 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.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment as to whether it will exercise an extension or a termination option.

The Company does not have any lease contracts wherein it acts as a lessor.

2.08 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.

2.09 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.

2.10 Segment Reporting

Based on "Management Approach" as defined in Ind AS 108 - Operating Segments, the Chief Operating Decision Maker 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.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the Company as a whole. Common allocable costs are allocated to each segment on an appropriate basis.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

2.11 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: Determination of the estimated useful life of tangible assets and intangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life specified in Schedule II of the Companies Act, 2013 and also as per management estimate for certain category of assets. Assumption also need to be made, when company assesses, whether as asset may be capitalized and which components of the cost of the assets may be capitalized.

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

c. Fair value measurements and valuation processes : Some of the Company's 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. 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 company 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.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilised.

2.12 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement



Krystal Ingredients Private Limited

Notes to the financial statements for the year ended March 31, 2023

(3) Right-of-use assets

(Rupees in 000's)

Particulars	Land (Leasehold)	Total
Gross carrying amount		
As at April 01, 2022	88,827.44	88,827.44
Additions	-	-
Disposals	-	-
As at March 31, 2023	88,827.44	88,827.44
Accumulated depreciation		
As at April 01, 2022	764.64	764.64
Charge for the year	962.39	962.39
As at March 31, 2023	1,727.03	1,727.03
Net carrying amount as at March 31, 2023	87,100.41	87,100.41
Gross carrying amount		
As at April 22, 2021	-	-
Transition impact	-	-
Additions	88,827.44	88,827.44
Disposals	-	-
As at March 31, 2022	88,827.44	88,827.44
Accumulated depreciation		
As at April 22, 2021	-	-
Transition impact	-	-
Charge for the year	764.64	764.64
As at March 31, 2022	764.64	764.64
Net carrying amount as at March 31, 2022	88,062.80	88,062.80

(3) Capital work in progress

(in Rupees '000)

Particulars	Amount
As at April 1, 2022	-
Incurred during the year*	783.87
Capitalised	-
As at March 31, 2023	783.87
As at April 22, 2021	-
Incurred during the year*	-
Capitalised	-
As at March 31, 2022	-

*Amount included under CWIP is primarily related to Building which is under construction.

CWIP Ageing Schedule

(in Rupees '000)

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
March 31, 2023	783.87	-	-	-	783.87
March 31, 2022	-	-	-	-	-

Note : There is no overrun of cost or delay in projects in process as per the Company's plan.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

(Rupees in 000's)

Particulars	As at March 31, 2023	As at March 31, 2022
(4) Other financial assets		
<i>Current financial assets</i>		
Security deposits	435.00	435.00
Total Current financial assets	435.00	435.00
(5) Deferred tax assets (net)		
Significant components of deferred tax assets (net)		
Deferred tax assets		
Carry forward losses	4,658.86	1,951.64
Total Deferred tax assets	4,658.86	1,951.64
Movements in deferred tax assets/(liabilities)		
Particulars	Carryforward losses	Total
At April 1, 2022	1,951.64	1,951.64
(Charged) / Credited		
- to profit or loss	2,707.22	2,707.22
At March 31, 2023	4,658.86	4,658.86
At April 22, 2021	-	-
(Charged) / Credited		
- to profit or loss	1,951.64	1,951.64
At March 31, 2022	1,951.64	1,951.64

Particulars	As at March 31, 2023	As at March 31, 2022
(6) Other assets		
<i>Non-Current assets</i>		
Capital advances	4,726.48	2,710.08
Total Non-current assets	4,726.48	2,710.08
<i>Current assets</i>		
Prepaid expenses	0.46	1.73
Advances to suppliers	2,943.83	-
Balance with government authorities	597.53	3.71
Total Current assets	3,541.82	5.44
(7) Cash and cash equivalents		
Balances with banks		
In current accounts	189.07	77.69
Total Cash and cash equivalents	189.07	77.69



Krystal Ingredients Private Limited

Notes to financial statements for the year ended March 31, 2023

(Rupees in 000's)

Particulars	As at March 31, 2023	As at March 31, 2022
(8) Equity share capital		
<i>Authorised</i>		
March 31, 2023: 10,000 [March 31, 2022: 10,000] equity shares of face value Rs 10 each	100.00	100.00
	100.00	100.00
<i>Issued, subscribed and fully paid-up</i>		
March 31, 2023: 10,000 [March 31, 2022: 10,000] equity shares of face value Rs 10 each	100.00	100.00
	100.00	100.00

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Rupees in 000's	Number of shares	Rupees in 000's
<i>Equity shares</i>				
At the commencement of the year	10,000	100.00	-	-
Issued during the year	-	-	10,000	100.00
At the end of the year	10,000	100.00	10,000	100.00

During the year Nil shares (March 31, 2022- 10,000 shares) were issued of face value of Rs 10 each

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares
Equity shares of Rs. 10 each fully paid-up held by Gem Aromatics Limited (Holding company)*	100.00%	10,000	100.00%	10,000

(c) Details of shares held by promoters

As at March 31, 2023

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*	10,000	-	10,000	100.00%	0.00%
Total	10,000	-	10,000	100.00%	0.00%

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*	-	10,000	10,000	100.00%	100.00%
Total	-	10,000	10,000	100.00%	100.00%

* Formerly known as Gem Aromatics Private Limited

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

The Company has only one class of equity shares having a par value of Rs 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. Each shareholder is eligible for one vote per share held. 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.

(e) There were no shares allotted pursuant to contract without payment being received in cash or as fully paid up by way of bonus shares or any shares bought back.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

(Rupees in 000's)

Particulars	As at March 31, 2023	As at March 31, 2022
(9) Other equity		
Retained earnings	(14,616.79)	(6,567.41)
Total Other equity	(14,616.79)	(6,567.41)
Movement of other equity		
Retained earnings		
At the commencement of the year	(6,567.41)	-
Profit for the year	(8,049.38)	(6,567.41)
At the end of the year	(14,616.79)	(6,567.41)
(10) Borrowings		
Non-Current		
Unsecured:		
Loan from related parties (Refer note 16)	1,14,671.53	98,898.77
	1,14,671.53	98,898.77
<p>Note: The unsecured loan is repayable in full along with accumulated interest compounding @ 9% annually during the financial year ended March 31, 2027.</p>		
(11) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note below)	271.10	104.00
- Total outstanding dues of creditors other than micro enterprises and small enterprises	271.10	104.00
Total Trade payables	271.10	104.00
<p>The Company has the process of identification of 'suppliers' registered under the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006, by obtaining confirmations from all suppliers. The Company has not received intimation from any of the 'suppliers' regarding their status under MSMED Act, 2006 and hence disclosures if any, relating to amounts unpaid as at the year end together with interest paid/payable as required have not been furnished.</p>		
Ageing of Trade payables		
<i>Total outstanding dues of creditors other than micro enterprises and small enterprises</i>	March 31, 2023	March 31, 2022
- Not due	221.10	104.00
- Less than 1 year	50.00	-
- 1-2 years	-	-
- 2-3 years	-	-
- More than 3 years	-	-
Total Trade payables	271.10	104.00
(12) Current liabilities		
Statutory dues payable*	959.67	707.29
Other Expense Payable	50.00	-
Total Current liabilities	1,009.67	707.29

*Includes liability towards tax deducted at source and professional tax



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

(Rupees in 000's)

Particulars	For the year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022
(13) Finance costs		
Interest on :		
- Loan	9,296.21	7,102.87
- Statutory dues	21.31	-
Total Finance cost	9,317.52	7,102.87
(14) Depreciation and amortisation expense		
Amortisation of :		
- Lease assets (Refer note 3)	962.39	764.64
Total Depreciation and amortisation expense	962.39	764.64
(15) Other expenses		
Legal and professional charges	63.00	460.00
Bank charges and commission	1.22	11.37
Auditors remuneration (Refer note 15.1 below)	50.00	50.00
Repairs and Maintenance	31.45	-
Membership fees & subscription	301.50	110.36
Fees, rates and taxes	1.50	-
Travelling and conveyance	26.75	-
Miscellaneous expenses	1.27	19.81
Total Other expenses	476.69	651.54
(15.1) Payment to auditors :		
(i) Audit fees	50.00	50.00
Total Payment to auditors	50.00	50.00



Krystal Ingredients Private Limited

Notes to financial statements for the year ended March 31, 2023

(16) Related party transactions

(a) Related parties

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

(b) Key managerial personnel

Sr. No	Particulars	Nature of relationship
1	Kaksha V Parekh	Director
2	Vipul N Parekh	Director
3	Yash V Parekh	Director

(c) Details of transactions with related parties

(Rupees in 000's)

Sr. No	Nature of Transaction	For the year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022
A	Transactions		
1	Interest on Inter-corporate loan Gem Aromatics Limited	9,296.21	7,102.87
2	Inter-corporate loan received Gem Aromatics Limited	7,406.18	91,795.90
3	Issue of equity shares to the holding company Gem Aromatics Limited	-	100.00

Sr no.	Balances	As at March 31, 2023	As at March 31, 2022
B	Balances		
1	Borrowings Gem Aromatics Limited	1,14,671.53	98,898.77

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.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

(17) 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	Level	(Rupees in 000's)	
		March 31, 2023	March 31, 2022
Assets			
Trade receivables	-	189.07	77.69
Cash and cash equivalents	-	435.00	435.00
Other financial assets	-	-	-
Total Assets	-	624.07	512.69
Liabilities			
Borrowings	-	1,14,671.53	98,898.77
Trade payables	-	271.10	104.00
Other financial liabilities	-	-	-
Total Liabilities	-	1,14,942.63	99,002.77

Note: Carrying amounts of cash and cash equivalents, borrowings and other financial assets as at period ended March 31, 2023 and March 31, 2022 approximate their fair value due to their short-term nature.



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

(18) Financial risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Board holds regular meetings on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has in place comprehensive risk management policy in order to identify, measure, monitor and mitigate various risks pertaining to its business. Along with the risk management policy, an adequate internal control system, commensurate to the size and complexity of its business, is maintained to align with the philosophy of the Company. Together they help in achieving the business goals and objectives consistent with the Company's strategies to prevent inconsistencies and gaps between its policies and practices. The management reviews the adequacy and effectiveness of the risk management policy and internal control system. The Company's financial risk management is an integral part of how to plan and execute its business strategies.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk and
- Market risk

a). Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Other financial assets

Other financial assets measured at amortised cost includes deposits and capital advances for immovable properties etc. Credit risk related to these financial assets are managed by monitoring the recoveries of such amounts on regular basis and the Company does not perceive any credit risk related to these financial assets. The company does not have any financial assets that needs to be impaired.

Cash and cash equivalents

Credit risk on cash and cash equivalents with banks is limited as the Company generally holds balances with banks with high credit ratings assigned by external credit rating agencies, accordingly the Company considers that the related credit risk is low.

b). Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company's treasury maintains flexibility in funding by maintaining liquidity through borrowings from the Holding Company. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial liabilities

The below table analyses the Company's financial liabilities into relevant maturity based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows, balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Particulars	(in 000' Rupees)	
	Carrying amount <12months	Carrying amount ≥12months
March 31, 2023		
Borrowings	-	1,14,671.53
Trade payables	271.10	-
Other financial liabilities	-	-
March 31, 2022		
Borrowings	-	98,898.77
Trade payables	104.00	-
Other financial liabilities	-	-



Krystal Ingredients Private Limited

Notes to the financial statements as at March 31, 2023

(c). Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The Company is exposed to market risk primarily related to foreign exchange rate risk and the market value of the investments. Thus, the exposure to market risk is a function of investing and revenue generating and operating activities in foreign currency.

(i). Currency risk

The Company does not transact in any currency other than functional currency, hence the Company is not exposed to currency risk.

(ii). Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company's borrowings are all at fixed rate and are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company has assessed no exposure to fluctuating change of market interest rates.

(iii). Capital Risk Management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business.

Particulars	(Rupees in 000's)	
	March 31, 2023	March 31, 2022
Borrowings	1,14,671.53	98,898.77
Less : Cash and cash equivalents	(189.07)	(77.69)
Net Debt	1,14,482.46	98,821.08
Equity	(14,516.79)	(6,467.41)
Total Capital	(14,516.79)	(6,467.41)
Total Capital and Net Debt	99,965.67	92,353.67
Capital gearing ratio	0.87	0.93



Krystal Ingredients Private Limited
Notes to financial statements for the year ended March 31, 2023

(19) Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Reason for variance (Where % change is more than 25%)
Current ratio	Current Assets	Current Liabilities	3.25	0.64	409.30%	Increase due to substantial increase in advances to suppliers & Balance with government authorities
Debt- Equity Ratio	Total Debt	Shareholder's Equity	(7.90)	(15.29)	-48.34%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	(0.01)	(0.01)	-28.44%	Increase due to increase in debt.
Return on Equity ratio (Refer note 3)	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	55.45%	107.75%	-48.54%	Decrease due to decrease in losses.
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	-1.51%	-1.66%	-9.26%	

Note :

1. Number of March 31, 2022 are annualised to ensure comparison with March 31,2023 numbers.
2. The given ratios are not comparable as the Company has not yet commenced its operations.
3. The Return on Equity ratio is positive in both the periods because of negative numerator as well as a negative denominator.



Krystal Ingredients Private Limited

Notes to financial statements for the year ended March 31, 2023

(20) First-time adoption of Ind AS

As stated in note 2, the Company has prepared its first annual Ind AS financial statements for the year ended March 31, 2023. These financial statements for the year ended March 31, 2023 have been prepared in accordance with Ind AS. The preparation of these financial statements resulted in changes to the accounting policies as compared to most recent annual financial statements prepared under Indian GAAP ("Previous GAAP"). Accounting policies have been applied consistently to all periods presented in the financial statements.

Impact of transition to Ind AS

Net Ind-AS transition adjustments of Rs 764.64 thousands in the balance sheet as at March 31, 2022 has been adjusted from retained earnings.

(in Rupees '000)

Particulars	Note	March 31, 2022		
		IGAAP	Ind AS Adjustment	Ind AS
ASSETS				
(A) Non-current assets				
(a) Property, plant and equipment		88,827.44	(88,827.44)	-
(b) Right-of-use assets	a	-	88,062.80	88,062.80
(c) Deferred tax assets (net)		1,951.64	-	1,951.64
(d) Other non-current assets		2,710.08	-	2,710.08
Total Non-current assets		93,489.16	(764.64)	92,724.52
(B) Current assets				
(a) Financial assets				
(i) Cash and cash equivalents		77.69	-	77.69
(ii) Other financial assets		435.00	-	435.00
(b) Other current assets		5.44	-	5.44
Total Current assets		518.13	-	518.13
Total Assets		94,007.29	(764.64)	93,242.65
EQUITY AND LIABILITIES				
(A) Equity				
(a) Equity share capital		100.00	-	100.00
(b) Other equity		(5,802.77)	(764.64)	(6,567.41)
Total Equity		(5,702.77)	(764.64)	(6,467.41)
(B) Liabilities				
(I) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings		98,898.77	-	98,898.77
Total Non-current liabilities		98,898.77	-	98,898.77
(II) Current liabilities				
(a) Financial liabilities				
(i) Trade payables				
1. Dues of micro enterprises and small enterprises		-	-	-
2. Dues of creditors other than micro enterprises and small enterprises		104.00	-	104.00
(b) Other current liabilities		707.29	-	707.29
Total Current liabilities		811.29	-	811.29
Total Equity and Liabilities		94,007.29	(764.64)	93,242.65



Krystal Ingredients Private Limited

Notes to financial statements for the year ended March 31, 2023

(in Rupees '000)

Reconciliation of Other equity	Note	As at March 31, 2022
Previously reported		(5,802.77)
Impact of Lease accounting (Net of deferred tax)	a	(764.64)
Revised Other equity		(6,567.41)

Reconciliation of Total Comprehensive Income	Note	Year ended March 31, 2022
Previously reported		(5,802.77)
Impact of Ind AS 116 - Leases	a	(764.64)
Revised Total Comprehensive Income		(6,567.41)

Notes :

a. Leases: Ind AS 116 supersedes Ind AS 17 'Leases'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 22, 2021 being the date of transition which resulted into recognition of right-of-use assets and consequent changes in the statement of profit and loss and cash flows, Consequent to this change, the amount of ROU asset recognised by Rs. 88,062.80 thousands as at March 31, 2022.

b. Estimates :

i) The estimates at March 31, 2022 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

ii) The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at, the date of transition to Ind AS and as at March 31, 2022

Explanation of material adjustments to Statement of Cash Flows :

There were no material differences between the statement of cash flows presented under Ind AS and the previous GAAP except due to various re-classification adjustments recorded under Ind AS and difference in the definition of cash and cash equivalents under these two GAAPs.



Krystal Ingredients Private Limited

Notes to financial statements for the year ended March 31, 2023

(21) Earnings per share

Particulars	For year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022 [^]
Profit / (Loss) attributable to the equity holders of the Company (Rs in Thousands)	(8,049.38)	(6,567.41)
Weighted average number of equity shares for EPS (in nos)	10,000	9,425
Weighted average number of equity shares for Diluted EPS (in nos)	10,000	9,425
Earnings per share (Rs.)		
- Basic	(804.94)	(696.83)
- Diluted	(804.94)	(696.83)
Face value per equity share (Rs.)	10	10

[^]Basic and Diluted Earnings per share for year ended March 31, 2022 are not annualised.

(22) 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:

(Rupees in 000's)

Particulars	For year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022
(a) Profit and loss		
Current tax	-	-
Deferred tax	2,707.22	1,951.64
Total tax expense	2,707.22	1,951.64

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

(Rupees in 000's)

Particulars	For year ended March 31, 2023	For the period April 22, 2021 to March 31, 2022
Profit/(loss) before tax	(10,756.60)	(8,519.05)
Tax rate	25.17%	25.17%
Computed tax expense	2,707.22	2,144.07

(23) Segment reporting

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, 'Operating Segments', the Company has disclosed the segment information in the consolidated financial statements.

(24) Going concern

The management has taken initiatives directed towards commencing business operations and improving the profitability through operational efficiencies. The Company expects that these initiatives would result in sustainable cash flows. The Company, based on the support given by the parent company, is confident of meeting its operating and capital funding requirements. Accordingly, these financial statements have been prepared on going concern basis.



Krystal Ingredients Private Limited

Notes to financial statements for the year ended March 31, 2023

(25) 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 has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has 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 has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group 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,
- (vii) The Company does not have any such transaction which was not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(26) Commitments and contingent liabilities

(Rupees in 000's)

Particular	As at March 31, 2023	As at March 31, 2022
Commitments		
Capital commitments entered by the company	4,726.48	2,710.08
Contingent Liabilities	-	-

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

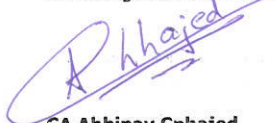
(28) The financial statements were authorised for issue by the Company's Board of directors on August 21, 2023.

(29) The Company was incorporated on 22 April, 2021; hence the numbers of previous year are not comparable with the numbers of current financial year.

(30) Previous year figures have been regrouped / reclassified to confirm to current year presentation.

As per our report of even date

For Chhajed and Doshi
Chartered Accountants
Firm's Reg. No.: 101794W



CA Abhinav Chhajed
Partner
Membership Number: 196452
Place : Mumbai
Date : 21-08-2023



For and on behalf of the Board of Directors of
Krystal Ingredients Private Limited
CIN: U24299MH2021PTC359408



Vipul N. Parekh
Director
DIN : 00235974
Place : Mumbai
Date : 21-08-2023



Kaksha V. Parekh
Director
DIN : 00235998
Place : Mumbai
Date : 21-08-2023

