

**INDEPENDENT AUDITORS' REPORT**

The Members of  
**Gem Aromatics Limited**  
(formerly known as GEM AROMATICS PRIVATE LIMITED)

**Report on the Consolidated Financial Statements**

**Opinion**

1. We have audited the accompanying consolidated financial statements of **Gem Aromatics Limited** (formerly known as GEM AROMATICS PRIVATE LIMITED) ("the Parent"), & its **subsidiaries** (the Parent and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended, the consolidated Statement of Changes in Equity, notes to the financial statements, a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate financial statements of subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2023, consolidated profit, other comprehensive income, consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Basis for Opinion**

2. We conducted our audit 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 consolidated Financial Statements section of our report. We are independent of the Group 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 Companies Act, 2013 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.

**Other Matter**

3. We have not audited the financial statements of 1 wholly owned subsidiary whose financial statements reflect total assets of Rs. 261.61 million as at 31st March, 2023, total revenue of Rs. 700.04 million for the year ended 31st March, 2023 and net cash outflows of Rs. 15.19 million for the year ended 31st March, 2023. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.



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4. We have not audited the financial statements of 1 wholly owned subsidiary whose financial statements reflect total assets of Rs. 0.03 million as at 31st March, 2023, total revenue of Nil for the year ended 31st March, 2023 and net cash outflows of Rs. 0.62 million for the year ended 31st March, 2023. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statements. Our opinion, in so far as it relates to amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on the Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

#### **Other Information**

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

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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 Consolidated Financial Statements**

6. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under Section 133 of the Act, 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 Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibility**

7. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated financial statements, including the disclosures, and whether the consolidated 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

8. 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 so far as appears from our examination of those books and report of other auditor;
- c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid consolidated financial statements comply with the IndAS 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. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 Group has disclosed impact of pending litigations which does may have impact on its consolidated financial position in Note No. 26 to Consolidated Financial Statements;
- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there were no amounts required to be to be transferred to the Investor Education and Protection Fund.
- iv. (a) The respective managements of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, 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 Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The respective management of the Parent and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Parent or its subsidiaries from any person(s) or entity(ies), including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, , directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under h (iv) (a) and (b) above, contain any material mis-statement.
- v. The Group 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.



9. With respect to the matters specified in Clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us by the Management of the Parent, we report that CARO is applicable only to the Parent and not to any other companies included in the consolidated financial statements and hence reporting under clause (xxi) of the said Order is not applicable to the Company.

For CHHAJED & DOSHI  
Chartered Accountants  
[FRN 101794W]

*Chhajed*  
Abhinav Chhajed  
Partner

M. No. 196452  
UDIN: 23196452BGSVRK9685



Place: Mumbai  
Date: 21<sup>st</sup> August, 2023

## **Gem Aromatics Limited**

### **Annexure I to the Independent Auditors' Report (Referred to in our report of even date)**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of **Gem Aromatics Limited** (formerly known as Gem Aromatics Private Limited) ("the Holding Company"), as at 31<sup>st</sup> March, 2023 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Control over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

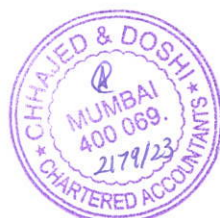
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

4. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
  - (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

5. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





## Opinion

6. In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Control over Financial Reporting issued by the ICAI.

Place: Mumbai  
Date: 21<sup>st</sup> August, 2023

For CHHAJED & DOSHI  
Chartered Accountants  
[FRN 101794W]

*Abhinav Chhajed*

Abhinav Chhajed  
Partner  
M. No. 196452  
UDIN: 23196452BGSVRK9685



**GEM AROMATICS LIMITED**  
(Formerly known as Gem Aromatics Private Limited)  
Consolidated Balance sheet as at March 31, 2023

(in Rupees Millions)

Particulars	Note	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>ASSETS</b>				
<b>(A) Non-current assets</b>				
(a) Property, plant and equipment	(3)	263.26	258.45	237.20
(b) Right-of-use assets	(4)	94.07	98.82	14.54
(c) Capital work in progress	(3)	108.72	12.87	21.52
(d) Intangible Assets	(3)	0.62	0.24	0.37
(e) Financial assets				
(i) Investments*	(5)	0.00	0.00	0.00
(ii) Other financial assets	(8)	7.45	2.86	2.68
(f) Income tax assets		29.77	-	-
(g) Deferred tax assets (net)	(9)	7.32	-	-
(h) Other non-current assets	(10)	4.73	2.71	-
<b>Total Non-current assets</b>		<b>515.94</b>	<b>375.95</b>	<b>276.31</b>
<b>(B) Current assets</b>				
(a) Inventories	(11)	1,425.06	1,341.33	953.83
(b) Financial assets				
(i) Trade receivables	(6)	796.36	395.07	371.83
(ii) Cash and cash equivalents	(12)	105.83	64.98	81.66
(iii) Loans	(7)	1.40	0.84	0.36
(iv) Other financial assets	(8)	0.68	9.70	34.48
(c) Other current assets	(10)	112.37	208.91	129.43
<b>Total Current assets</b>		<b>2,441.70</b>	<b>2,020.83</b>	<b>1,571.59</b>
<b>Total Assets</b>		<b>2,957.64</b>	<b>2,396.78</b>	<b>1,847.90</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(A) Equity</b>				
(a) Equity share capital	(13)	17.85	17.85	17.85
(b) Other equity	(14)	1,777.65	1,363.73	1,057.24
<b>Total Equity</b>		<b>1,795.50</b>	<b>1,381.58</b>	<b>1,075.09</b>
<b>(B) Liabilities</b>				
<b>(I) Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	(15)	2.83	-	-
(ii) Lease liabilities	(28)	4.92	8.41	11.37
(b) Provisions	(18)	0.98	0.42	1.49
(c) Deferred tax liabilities (net)	(9)	-	0.30	2.83
<b>Total Non-current liabilities</b>		<b>8.73</b>	<b>9.13</b>	<b>15.69</b>
<b>(II) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	(15)	889.12	768.63	554.03
(ii) Lease liabilities	(28)	3.47	3.61	3.76
(iii) Trade payables	(16)			
1. Dues of micro enterprises and small enterprises		20.32	49.76	21.73
2. Dues of creditors other than micro enterprises and small enterprises		191.04	125.08	150.58
(iv) Other financial liabilities	(17)	34.23	24.62	12.41
(b) Other current liabilities	(19)	10.19	5.52	8.72
(c) Current tax liabilities		5.04	28.85	5.89
<b>Total Current liabilities</b>		<b>1,153.41</b>	<b>1,006.07</b>	<b>757.12</b>
<b>Total Equity and Liabilities</b>		<b>2,957.64</b>	<b>2,396.78</b>	<b>1,847.90</b>

\*Amount less than 0.01 Million

**Significant accounting policies**

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The accompanying notes from 1 to 47 form an integral part of the financial statements

As per our report of even date

**FOR CHHAJED & DOSHI**  
Chartered Accountants  
Firm's Reg. No.: 101794W

For and on behalf of the Board of Directors of  
**Gem Aromatics Limited**  
CIN: U24246MH1997PTC111057

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



*[Signature]*

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

*[Signature]*

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

*[Signature]*

**Shaila S. Ghangurde**  
Company Secretary  
Place : Mumbai  
Date : 21-08-2023



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

(in Rupees Millions)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>(1) Income</b>			
(a) Revenue from operations	(20)	4,263.76	3,153.34
(b) Other income	(21)	2.81	26.44
<b>Total Income</b>		<b>4,266.57</b>	<b>3,179.78</b>
<b>(2) Expenses</b>			
(a) Cost of raw materials consumed	(22)	3,180.76	2,727.64
(b) Changes in inventories	(23)	8.71	(335.31)
(c) Employee benefits expense	(24)	105.15	93.18
(d) Finance costs	(25)	56.40	31.12
(e) Depreciation and amortisation expense	(26)	47.57	43.32
(f) Other expenses	(27)	306.89	176.18
<b>Total Expenses</b>		<b>3,705.48</b>	<b>2,736.13</b>
<b>(3) Profit before tax (1-2)</b>		<b>561.09</b>	<b>443.65</b>
<b>(4) Tax expense</b>	(39)		
(a) Current tax		121.75	134.70
(b) Tax expense relating to prior years		-	(0.41)
(c) Deferred tax charge / (credit)		(7.58)	(2.50)
<b>Total Tax expense</b>		<b>114.17</b>	<b>131.79</b>
<b>(5) Profit for the year</b>		<b>446.92</b>	<b>311.86</b>
<b>(6) Other Comprehensive Income</b>			
(1) Items that will be reclassified to Profit / (Loss)			
(a) Exchange differences on translation of financial statements of foreign operations		(33.11)	(5.45)
(2) Items that will not be reclassified subsequently to Profit / (Loss)			
(a) Remeasurement of defined employee benefit plans		0.15	0.11
(b) Tax effect on above		(0.04)	(0.03)
<b>Total Other Comprehensive Income</b>		<b>(33.00)</b>	<b>(5.37)</b>
<b>(7) Total Comprehensive Income for the year</b>		<b>413.92</b>	<b>306.49</b>
<b>Earnings per share (EPS)</b>	(38)		
(1) Basic EPS (Rs.)		50.08	34.94
(2) Diluted EPS (Rs.)		50.08	34.94

## Significant accounting policies

The accompanying notes from 1 to 47 form an integral part of the financial statements

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As per our report of even date

### FOR CHHAJED & 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

**Gem Aromatics Limited**

CIN: U24246MH1997PTC111057

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

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

**Shaila S. Ghangurde**  
Company Secretary  
Place : Mumbai  
Date : 21-08-2023



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

(in Rupees Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>(A) Cashflows from operating activities</b>		
Profit before tax	561.09	443.65
<b>Adjustment for:</b>		
Depreciation and amortisation	42.83	38.76
Amortisation of right-of-use assets	4.75	4.56
Interest on lease liabilities	0.93	1.23
Foreign exchange (gain) / loss (net)	46.43	(15.12)
Interest paid	49.39	25.32
Interest income	(0.22)	(0.21)
Bad debts	0.19	0.15
Unrealised Fair value (gain) / loss on forward contracts (net)	(7.94)	9.27
(Profit) / loss on sale of assets (net)	(0.06)	0.28
<b>Operating cash flow before working capital changes</b>	<b>697.39</b>	<b>507.89</b>
<b>Adjustment for changes in working capital:</b>		
(Increase) / Decrease in inventories	(83.73)	(387.50)
(Increase) / Decrease in trade receivables	(447.89)	(8.19)
(Increase) / Decrease in other financial assets	4.44	24.60
(Increase) / Decrease in other assets	94.52	(82.19)
Increase / (Decrease) in trade payables	36.53	2.52
Increase / (Decrease) in other financial liabilities	17.55	2.94
Increase / (Decrease) in other provisions	0.56	(1.07)
Increase / (Decrease) in other current liabilities	4.68	(3.20)
<b>Cash generated from operations</b>	<b>324.05</b>	<b>55.80</b>
Taxes paid (net of refunds)	(175.33)	(111.34)
<b>Net cashflows from operating activities</b>	<b>148.72</b>	<b>(55.54)</b>
<b>(B) Cashflows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(143.80)	(51.52)
Loan given	(0.57)	(0.48)
Interest income	0.22	0.21
<b>Net cashflows from investing activities</b>	<b>(144.15)</b>	<b>(51.79)</b>
<b>(C) Cashflows from financing activities</b>		
Borrowings (net)	123.33	214.60
Interest paid	(49.39)	(25.32)
Repayment of lease liabilities including interest (Refer note 28)	(4.55)	(93.18)
<b>Net cashflows from financing activities</b>	<b>69.39</b>	<b>96.10</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>73.96</b>	<b>(11.23)</b>
Cash and cash equivalents at the beginning of the year	64.98	81.66
Effect of exchange rate changes	(33.11)	(5.45)
<b>Cash and cash equivalents at the end of the year</b>	<b>105.83</b>	<b>64.98</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash in hand	1.58	1.00
Balance with banks:		
In current accounts	6.05	61.37
In cash credit account	98.20	-
In fixed deposit account with original maturity of 3 months or less	-	2.61
<b>Total Cash and cash equivalents</b>	<b>105.83</b>	<b>64.98</b>

## Significant accounting policies

2

The accompanying notes from 1 to 47 form an integral part of the financial statements

## 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

**FOR CHHAJED & DOSHI**  
Chartered Accountants  
Firm's Reg. No.: 101794W



*Abhinav Chhajed*

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

For and on behalf of the Board of Directors of  
**Gem Aromatics Limited**  
CIN: U24246MH1997PTC111057

*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

*Shaila S. Ghangurde*

**Shaila S. Ghangurde**  
Company Secretary  
Place : Mumbai  
Date : 21-08-2023



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## (A) Equity share capital

(in Rupees Millions)

Particulars	Note	Amount
Balance as at April 1, 2022		17.85
Changes in equity share capital during the year	(13)	-
<b>Balance as at March 31, 2023</b>		<b>17.85</b>
Balance as at April 1, 2021		17.85
Changes in equity share capital during the year	(13)	-
<b>Balance as at March 31, 2022</b>		<b>17.85</b>

## (B) Other equity

(in Rupees Millions)

Particulars	Reserve and Surplus			Items of other comprehensive income		Total equity
	General Reserve	Securities Premium	Retained earnings	Remeasurement of defined benefit plans	Exchange differences on translating the financial statements of a foreign operation	
Balance as at April 1, 2022	0.32	477.84	898.70	0.08	(13.21)	1,363.73
Add: Profit for the year	-	-	446.92	0.11	(33.11)	413.92
<b>Balance as at March 31, 2023</b>	<b>0.32</b>	<b>477.84</b>	<b>1,345.62</b>	<b>0.19</b>	<b>(46.32)</b>	<b>1,777.65</b>
Balance as at April 1, 2021	0.32	477.84	613.92	-	(7.76)	1,084.32
Transition impact (Refer note 35)	-	-	(27.08)	-	-	(27.08)
<b>Restated Balance as at April 1, 2021</b>	<b>0.32</b>	<b>477.84</b>	<b>586.84</b>	<b>-</b>	<b>(7.76)</b>	<b>1,057.24</b>
Add: Profit for the year	-	-	311.86	0.08	(5.45)	306.49
<b>Balance as at March 31, 2022</b>	<b>0.32</b>	<b>477.84</b>	<b>898.70</b>	<b>0.08</b>	<b>(13.21)</b>	<b>1,363.73</b>

### Nature and purpose of reserves

(a) **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. It can be used only in accordance with provisions of Companies Act, 2013 for specified purposes.

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

(c) **General Reserves:** Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013

The accompanying notes from 1 to 47 form an integral part of the financial statements

As per our report of even date

**FOR CHHAJED & 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  
**Gem Aromatics Limited**  
CIN: U24246MH1997PTC111057



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



**Kaksha V. Parekh**  
Director  
DIN : 00235998  
Place : Mumbai  
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**Shaila S. Ghangurde**  
Company Secretary  
Place : Mumbai  
Date : 21-08-2023



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## 1 Corporate information

Gem Aromatics Limited (formerly known as Gem Aromatics Private Limited) is a Public Limited Company w.e.f. August 17, 2023, incorporated in India under the provisions of the Erstwhile Companies Act 1956. The registered office of the company is situated in the state of Maharashtra. The company is engaged in the manufacturing of essential oils, aroma chemicals, and specialised ingredients. It carries on manufacturing operations at the plants located at Silvassa, Dadra & Nagar Haveli and Badaun, UP. 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.

## 2 Significant accounting policies

### Basis of preparation

The financial statements of the Group 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 all periods up to March 31, 2022, the Group prepared its financial statements in accordance with 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 the Group has prepared in accordance with Ind AS. Refer to note 35 for information on how the Group 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 Million" (Rupees Million) which is also the Group's functional currency. All values are rounded off to nearest two decimals, except when otherwise indicated.

### Basis of Consolidation

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of profit and 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 Value' (WDV) 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 asset's 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	Useful life (years)
Land	-
Building	30
Plant and Machinery	15
Furnitures and Fixtures	10
Electric Installation	10
Lab Equipments	10
Vehicles	8 to 10
Factory/Office Equipment	5
Computers	3 to 6
Intangible Assets	3



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## 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 Group'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 recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price or 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 Group 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 Group 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 group has identified twelve months as its operating cycle.

## 2.04 Fair value measurement

The Group 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 Group. 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 Group 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 due to short term maturity of these instruments.

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

For the purpose of fair value disclosures, the Group 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 summarize accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- ▶ Quantitative disclosures of fair value measurement hierarchy (Note 31)
- ▶ Financial instruments (including those carried at amortised cost) (Note 31)



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## 2.05 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 of 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.

### Other income:

Revenue in respect of overdue interest, insurance claims, etc. is recognised to the extent the Group is reasonably certain of its ultimate realisation.

### Interest / Dividend income:

Interest income is accounted on receipt basis. Dividend income is accounted for when the right to receive is established. Interest from customers on delayed payments are recognised when there is a certainty of realisation.

### Export Incentive / Duty drawback :

Export incentives are recognised when there is reasonable assurance that the Group will comply with the conditions and the incentive will be received.

## 2.06 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- ▶ Raw materials and Packing Materials: Valued at cost determined on Weighted Average Method as the Group believes that it will not sell the products at lower of the cost it incurs to manufacture it.
- ▶ Semi finished goods, Work in progress, Stores & spares and other materials: Valued at lower of Cost or Net Realisable Value
- ▶ Finished goods: Valued at lower of Cost or Net Realisable Value. Cost includes Direct Material, Direct Labour and other Direct Costs.

Cost of inventories comprises of purchase price, cost of conversion and other costs including manufacturing overheads appropriated through the system, net of recoverable taxes incurred in bringing them to the point of sale / consumption.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

## 2.07 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 Other equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Other 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.





# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## 2.07 Taxes (Continued)

### 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 Other equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Other equity respectively.

## 2.08 Foreign Currency Translation

### Functional and Presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial statements are presented in Indian rupee (INR), which is functional and presentation currency of the Group.

### Transactions 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 the statement of 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 date of the initial transactions.

## 2.09 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 Group 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 Group 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group 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 Group'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 Group 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



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## 2.10 Financial Instruments (continued)

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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 Group'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:

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

Upon initial recognition, the Group 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 AS 103 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 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 group of similar financial assets) is primarily derecognised (i.e. removed from a Group's Balance sheet) when:

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

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

(b) the Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

### 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 recognised 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 recognised 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 recognised in the cash flow hedging reserve within Other equity.



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## 2.11 The Group as a lessee

The Group's lease asset class consist of leases for office premises. The Group 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 Group assesses whether:

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

At the date of commencement of the lease, the Group 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 Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Group 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 Group 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 Group changes its assessment as to whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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

Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

## 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 Group'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 Chief Operating Decision Maker evaluates the Group'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 Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole. Common allocable costs are allocated to each segment on an appropriate basis.



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## 2.15 Significant accounting estimates, judgements and assumptions

The preparation of the Group's consolidated 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 consolidated financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

In the process of applying the Group's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the Consolidated 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 the Group assesses, whether an 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 the Group as it is not possible to predict the outcome of pending matters with accuracy.

**c. Fair value measurements and valuation processes :** Some of the Group'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 Group used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group 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.

**e. 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 recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognised 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.

**f. Operating lease commitments - Group as lessee :** The Group has entered into lease agreement for certain office premises & land. The Group 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.

## 2.16 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 are annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the 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 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 financial statements.



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### (3) Property, plant and equipment

Particulars	(In Rupees Million)									
	Land (Freehold)	Building	Plant and Machinery	Furniture and Fixtures	Electrical Installation	Vehicles	Lab Equipments	Office Equipments	Computers	Total
<b>Gross carrying amount</b>										
As at April 01, 2022	36.42	67.60	165.35	1.87	4.93	9.98	4.42	2.59	3.54	296.70
Additions	-	4.67	31.01	0.05	-	5.64	4.57	0.62	1.03	47.59
Disposals	-	-	(0.57)	-	-	(2.27)	-	-	-	(2.84)
<b>As at March 31, 2023</b>	<b>36.42</b>	<b>72.27</b>	<b>195.79</b>	<b>1.92</b>	<b>4.93</b>	<b>13.35</b>	<b>8.99</b>	<b>3.21</b>	<b>4.57</b>	<b>341.45</b>
<b>Accumulated depreciation</b>										
As at April 01, 2022	-	5.42	25.36	0.51	1.26	2.52	1.19	0.75	1.24	38.25
Charge for the year	-	6.40	28.00	0.34	0.93	3.30	1.45	0.88	1.27	42.57
On disposals	-	-	(0.54)	-	-	(2.09)	-	-	-	(2.63)
<b>As at March 31, 2023</b>	<b>-</b>	<b>11.82</b>	<b>52.82</b>	<b>0.85</b>	<b>2.19</b>	<b>3.73</b>	<b>2.64</b>	<b>1.63</b>	<b>2.51</b>	<b>78.19</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>36.42</b>	<b>60.45</b>	<b>142.97</b>	<b>1.07</b>	<b>2.74</b>	<b>9.62</b>	<b>6.35</b>	<b>1.58</b>	<b>2.06</b>	<b>263.26</b>
<b>Gross carrying amount</b>										
As at April 01, 2021	36.42	87.29	201.60	6.69	11.71	21.42	11.55	3.36	4.35	384.39
Ind AS Adjustment (Refer note 35)	-	(33.95)	(74.16)	(4.75)	(6.96)	(14.80)	(7.07)	(2.29)	(3.21)	(147.19)
<b>Deemed cost</b>	<b>36.42</b>	<b>53.34</b>	<b>127.44</b>	<b>1.94</b>	<b>4.75</b>	<b>6.62</b>	<b>4.48</b>	<b>1.07</b>	<b>1.14</b>	<b>237.20</b>
Additions	-	14.26	38.42	0.28	0.18	3.62	-	1.52	2.44	60.72
Disposals	-	-	(0.51)	(0.35)	-	(0.26)	(0.06)	-	(0.04)	(1.22)
<b>As at March 31, 2022</b>	<b>36.42</b>	<b>67.60</b>	<b>165.35</b>	<b>1.87</b>	<b>4.93</b>	<b>9.98</b>	<b>4.42</b>	<b>2.59</b>	<b>3.54</b>	<b>296.70</b>
<b>Accumulated depreciation</b>										
As at April 01, 2021	-	33.95	74.16	4.75	6.96	14.80	7.07	2.29	3.21	147.19
Ind AS Adjustment (Refer note 35)	-	(33.95)	(74.16)	(4.75)	(6.96)	(14.80)	(7.07)	(2.29)	(3.21)	(147.19)
Charge for the year	-	5.42	25.36	0.51	1.26	2.52	1.19	0.75	1.24	38.25
On disposals	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>-</b>	<b>5.42</b>	<b>25.36</b>	<b>0.51</b>	<b>1.26</b>	<b>2.52</b>	<b>1.19</b>	<b>0.75</b>	<b>1.24</b>	<b>38.25</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>36.42</b>	<b>62.18</b>	<b>139.99</b>	<b>1.36</b>	<b>3.67</b>	<b>7.46</b>	<b>3.23</b>	<b>1.84</b>	<b>2.30</b>	<b>258.45</b>

Note : The Group holds immovable properties in its own name.



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## (3) Capital work in progress

Particulars	(in Rupees Million)	
		Total
As at April 01, 2022		12.87
Incurred during the year*		144.06
Capitalised		(48.21)
<b>As at March 31, 2023</b>		<b>108.72</b>
As at April 01, 2021		21.52
Incurred during the year*		52.06
Capitalised		(60.71)
<b>As at March 31, 2022</b>		<b>12.87</b>

\*Amount included under CWIP are primarily related to Plant and Machinery, Building and Furnitures & Fixtures which are under construction.

## CWIP Ageing Schedule

	(in Rupees Million)				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023	108.72	-	-	-	108.72
March 31, 2022	6.72	6.15	-	-	12.87

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

## (3) Intangible Assets

Particulars	(in Rupees Million)	
		Softwares
<b>Gross carrying amount</b>		
As at April 01, 2022		0.75
Additions		0.63
Disposals		-
<b>As at March 31, 2023</b>		<b>1.38</b>
<b>Amortisation</b>		
As at April 01, 2022		0.51
Charge for the year		0.25
On disposals		-
<b>As at March 31, 2023</b>		<b>0.76</b>
<b>Net carrying amount as at March 31, 2023</b>		<b>0.62</b>
<b>Gross carrying amount</b>		
As at April 01, 2021		1.77
Ind AS Adjustment (Refer note 35)		(1.40)
Deemed cost as at April 01, 2021		0.37
Additions		0.38
Disposals		-
<b>As at March 31, 2022</b>		<b>0.75</b>
<b>Amortisation</b>		
As at April 01, 2021		1.40
Ind AS Adjustment (Refer note 35)		(1.40)
Charge for the year		0.51
On disposals		-
<b>As at March 31, 2022</b>		<b>0.51</b>
<b>Net carrying amount as at March 31, 2022</b>		<b>0.24</b>



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## (4) Right-of-use assets

Particulars	(in Rupees Million)		
	Office Premises	Land (Leasehold)	Total
<b>Gross carrying amount</b>			
As at April 01, 2022	14.54	88.83	103.37
Additions	-	-	-
Disposals	-	-	-
<b>As at March 31, 2023</b>	<b>14.54</b>	<b>88.83</b>	<b>103.37</b>
<b>Accumulated depreciation</b>			
As at April 01, 2022	3.79	0.76	4.55
Charge for the year	3.79	0.96	4.75
On disposals	-	-	-
<b>As at March 31, 2023</b>	<b>7.58</b>	<b>1.72</b>	<b>9.30</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>6.96</b>	<b>87.11</b>	<b>94.07</b>
<b>Gross carrying amount</b>			
As at April 01, 2021			
Transition to Ind AS 116 (Refer note 35)	14.54	-	14.54
Additions	-	88.83	88.83
Disposals	-	-	-
<b>As at March 31, 2022</b>	<b>14.54</b>	<b>88.83</b>	<b>103.37</b>
<b>Accumulated depreciation</b>			
As at April 01, 2021			
Charge for the year	3.79	0.76	4.55
On disposals	-	-	-
<b>As at March 31, 2022</b>	<b>3.79</b>	<b>0.76</b>	<b>4.55</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>10.75</b>	<b>88.07</b>	<b>98.82</b>

### Note:

1. The Right to use asset as per Ind AS-116 comprises of office premises & land

## (5) Investments

Particulars	(in Rupees Millions)		
	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Others</b>			
National Saving Certificate (Investment in Govt. or Trust Securities)*	0.00	0.00	0.00
<b>Total (Non-current)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

\*Amount less than 0.01 million



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(In Rupees Millions)

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
<b>(6) Trade receivables</b>			
Unsecured, considered good			
- Third Party	583.12	368.13	312.61
- Related parties (Refer note 30)	213.24	26.94	59.22
<b>Total Trade receivables</b>	<b>796.36</b>	<b>395.07</b>	<b>371.83</b>

### Trade Receivables ageing schedule

March 31, 2023

Particulars	Outstanding for the following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
<b>Trade receivables</b>							
(i) Undisputed Trade receivables – considered good	340.49	441.85	9.07	4.95	-	-	796.36
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	<b>340.49</b>	<b>441.85</b>	<b>9.07</b>	<b>4.95</b>	<b>-</b>	<b>-</b>	<b>796.36</b>

March 31, 2022

Particulars	Outstanding for the following periods from due date of payment						Total
	Not Due	Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
<b>Trade receivables</b>							
(i) Undisputed Trade receivables – considered good	228.07	107.40	38.85	20.75	-	-	395.07
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	<b>228.07</b>	<b>107.40</b>	<b>38.85</b>	<b>20.75</b>	<b>-</b>	<b>-</b>	<b>395.07</b>

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
<b>(7) Loans</b>			
<b>Current loans</b>			
Unsecured, considered good			
Loans to employees	1.40	0.84	0.36
<b>Total Current loans</b>	<b>1.40</b>	<b>0.84</b>	<b>0.36</b>
<b>(8) Other financial assets</b>			
<b>Non-current financial assets</b>			
Unsecured, considered good			
Fixed deposit*	0.11	0.10	-
Security deposits	7.34	2.76	2.68
<b>Total Non-current financial assets</b>	<b>7.45</b>	<b>2.86</b>	<b>2.68</b>
*Fixed Deposits amounting to Rs. 0.11 million has been marked lien			
<b>Current financial assets</b>			
Security deposits	0.43	0.43	2.64
Derivative asset - forward contract (measured at fair value through Profit and loss)	-	9.27	31.84
Other receivables (Refer note 30)	0.25	-	-
<b>Total Current financial assets</b>	<b>0.68</b>	<b>9.70</b>	<b>34.48</b>





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(In Rupees Millions)

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
<b>(9) Deferred tax assets/(liabilities) (net)</b>			
<b>Significant components of deferred tax assets (net)</b>			
<b>Deferred tax assets</b>			
Difference between book and tax value of property, plant and equipment and intangible assets	0.48	-	-
Provision for gratuity	0.25	0.11	0.37
Derivative liabilities	2.00	-	-
Other deferred tax assets	4.66	1.95	-
<b>Deferred tax liabilities</b>			
Difference between book and tax value of property, plant and equipment and intangible assets	-	(2.28)	(2.98)
Lease liabilities and Right to use assets	-	(0.08)	(0.22)
<b>Total Deferred tax assets</b>	<b>7.32</b>	<b>(0.30)</b>	<b>(2.83)</b>

**Movements in deferred tax assets/(liabilities)**

Particulars	Lease liabilities and Right to use assets	Property, plant & equipment and intangible assets	Provision of gratuity	Derivative liabilities	Others	Total
<b>At April 1, 2022</b>	<b>(0.08)</b>	<b>(2.28)</b>	<b>0.11</b>	<b>-</b>	<b>1.95</b>	<b>(0.30)</b>
(Charged) / Credited						
- to profit or loss	0.01	2.76	0.10	2.00	2.71	7.58
- to other comprehensive income	-	-	0.04	-	-	0.04
<b>At March 31, 2023</b>	<b>(0.07)</b>	<b>0.48</b>	<b>0.25</b>	<b>2.00</b>	<b>4.66</b>	<b>7.32</b>
<b>At April 1, 2021</b>	<b>-</b>	<b>(2.98)</b>	<b>0.37</b>	<b>-</b>	<b>-</b>	<b>(2.61)</b>
Transition impact (Refer note 35)	(0.22)	-	-	-	-	(0.22)
<b>At April 1, 2021</b>	<b>(0.22)</b>	<b>(2.98)</b>	<b>0.37</b>	<b>-</b>	<b>-</b>	<b>(2.83)</b>
(Charged) / Credited						
- to profit or loss	0.14	0.70	(0.29)	-	1.95	2.50
- to other comprehensive income	-	-	0.03	-	-	0.03
<b>At March 31, 2022</b>	<b>(0.08)</b>	<b>(2.28)</b>	<b>0.11</b>	<b>-</b>	<b>1.95</b>	<b>(0.30)</b>

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
<b>(10) Other assets</b>			
<b>Non-Current assets</b>			
Capital advances	4.73	2.71	-
<b>Total Non-current assets</b>	<b>4.73</b>	<b>2.71</b>	<b>-</b>
<b>Current assets</b>			
Prepaid expenses	25.03	19.13	10.68
Advances to suppliers	30.81	30.55	1.48
Balance with Government authorities*	50.26	156.66	117.02
Interest accrued on Fixed Deposits	-	0.04	0.02
Other Receivables	6.27	2.53	0.23
<b>Total Current assets</b>	<b>112.37</b>	<b>208.91</b>	<b>129.43</b>

\*Balance with Government authorities includes MEIS Licence Stock and Export Incentive Receivable

<b>(11) Inventories</b>			
Raw materials	298.97	210.55	163.73
Semi finished goods	606.31	593.13	453.88
Finished goods	107.55	97.82	178.57
Stores & spares and other materials	7.60	11.15	5.78
Finished goods in transit	397.06	428.68	151.87
Raw materials in transit	7.57	-	-
<b>Total Inventories</b>	<b>1,425.06</b>	<b>1,341.33</b>	<b>953.83</b>

<b>(12) Cash and cash equivalents</b>			
Cash in hand	1.58	1.00	0.92
<b>Balances with scheduled banks</b>			
- In current accounts	6.05	61.37	39.09
- In cash credit account	98.20	-	41.09
- In fixed deposit *	-	2.61	0.56
<b>Total Cash and cash equivalents</b>	<b>105.83</b>	<b>64.98</b>	<b>81.66</b>

\*Fixed Deposits amounting to Rs. 2.27 Million as at March 31, 2022 has been marked lien towards LC facility availed.



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(in Rupees Millions)

## (13) Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Authorised</b>			
1,850,000 equity shares of face value Rs. 10 each (March 31, 2022 : 1,850,000 equity shares of face value Rs. 10 each, April 01, 2021 : 1,850,000 equity shares of face value Rs. 10 each)	18.50	18.50	18.50
<b>Issued, subscribed and fully paid-up</b>			
1,784,858 equity share of face value Rs.10 each fully paid up (March 31, 2022 : 1,784,858 equity share of face value Rs.10 each fully paid up, April 01, 2021 : 1,784,858 equity share of face value Rs.10 each fully paid up)	17.85	17.85	17.85
	<b>17.85</b>	<b>17.85</b>	<b>17.85</b>

### (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		As at April 01, 2021	
	Number of shares	Amount (in Rupees Millions)	Number of shares	Amount (in Rupees Millions)	Number of shares	Amount (in Rupees Millions)
<b>Equity shares</b>						
At the commencement of the year	17,84,858	17.85	17,84,858	17.85	17,84,858	17.85
Issued during the year	-	-	-	-	-	-
<b>At the end of the year</b>	<b>17,84,858</b>	<b>17.85</b>	<b>17,84,858</b>	<b>17.85</b>	<b>17,84,858</b>	<b>17.85</b>

Note: Subsequent to March 31, 2023, the equity shares of the company has been sub divided from 1,784,858 fully paid up equity shares of face vale Rs. 10 into 8,924,290 equity shares of face value Rs. 2 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		As at April 01, 2021	
	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares	% of total shares in the class	Number of shares
<b>Equity shares of Rs. 10 each fully paid-up held by</b>						
Vipul N Parekh	36.39%	6,49,580	36.39%	6,49,580	36.39%	6,49,580
Doterra Enterprises, SARL	25.00%	4,46,215	25.00%	4,46,215	25.00%	4,46,215
Yash V Parekh	19.48%	3,47,650	19.48%	3,47,650	18.44%	3,29,104
Kaksha V Parekh	19.13%	3,41,413	19.13%	3,41,413	17.13%	3,05,748

### (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
Vipul N Parekh	6,49,580	-	6,49,580	36.39%	0.00%
Yash V Parekh	3,47,650	-	3,47,650	19.48%	0.00%
Kaksha V Parekh	3,41,413	-	3,41,413	19.13%	0.00%
<b>Total</b>	<b>13,38,643</b>	<b>-</b>	<b>13,38,643</b>	<b>75.00%</b>	<b>0.00%</b>

#### 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
Vipul N Parekh	6,49,580	-	6,49,580	36.39%	0.00%
Yash V Parekh	3,29,104	18,546	3,47,650	19.48%	1.04%
Kaksha V Parekh	3,05,748	35,665	3,41,413	19.13%	2.00%
Vipul N Parekh HUF	54,211	(54,211)	-	0.00%	(3.04%)
<b>Total</b>	<b>13,38,643</b>	<b>-</b>	<b>13,38,643</b>	<b>75.00%</b>	<b>0.00%</b>



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

As at April 01, 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
Vipul N Parekh	6,49,580	-	6,49,580	36.39%	0.00%
Yash V Parekh	3,29,104	-	3,29,104	18.44%	0.00%
Kaksha V Parekh	3,05,748	-	3,05,748	17.13%	0.00%
Vipul N Parekh HUF	54,211	-	54,211	3.04%	0.00%
<b>Total</b>	<b>13,38,643</b>	<b>-</b>	<b>13,38,643</b>	<b>75.00%</b>	<b>0.00%</b>

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

The Company has one class of equity shares having a par value of Rs 10 per share. 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 any shares bought back.

(f) There are no unpaid calls from any director or officer.

(g) No dividend was declared by the Company during the year ended March 31, 2023 and March 31, 2022.

## (14) Other equity

(in Rupees Millions)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
General Reserve	0.32	0.32	0.32
Securities Premium	477.84	477.84	477.84
Retained Earnings	1,345.62	898.70	586.84
Foreign Currency Translation Reserve	(46.32)	(13.21)	(7.76)
Other Comprehensive Income	0.19	0.08	-
<b>Total other equity</b>	<b>1,777.65</b>	<b>1,363.73</b>	<b>1,057.24</b>

### Movement of other equity

#### General Reserve

At the commencement of the year

0.32

Add: Transferred from Retained Earnings

-

At the end of the year

**0.32**

#### Securities Premium

At the commencement of the year

477.84

Add: During the year

-

At the end of the year

**477.84**

#### Retained Earnings

At the commencement of the year

898.70

Add: Profit for the year

446.92

Add/(Less): Transition Impact

-

At the end of the year

**1,345.62**

#### Foreign Currency Translation Reserve

At the commencement of the year

(13.21)

Add/(Less): During the year

(33.11)

At the end of the year

**(46.32)**

#### Other Comprehensive Income

At the commencement of the year

0.08

Add/(Less): During the year

0.11

At the end of the year

**0.19**



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

(in Rupees Millions)

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
<b>(15) Borrowings</b>			
<b>Non-Current</b>			
Secured:			
- Banks - Term loans	2.83	-	-
<b>Total Non-current borrowings</b>	<b>2.83</b>	<b>-</b>	<b>-</b>
<b>Current</b>			
<b>Loans payable on demand from :</b>			
Secured:			
- Banks - Working Capital Demand Loans*	-	60.65	-
- Cash Credit / Overdraft from Scheduled Bank	-	22.85	-
- Export Packing Credit from Scheduled Bank	511.26	477.23	382.05
- Post-Shipment Packing Credit from Schedule Bank	376.79	207.90	168.98
- Current maturities of long-term debt	1.07	-	3.00
<b>Total Current borrowings</b>	<b>889.12</b>	<b>768.63</b>	<b>554.03</b>

\*Working Capital Demand Loans are secured against raw materials, book debts and finished goods (Refer note 33)  
Refer note 33 on details of security nature of payment and indicative interest rate against respective loans.

<b>(16) Trade payables</b>			
- Dues of micro enterprises and small enterprises (Refer note 43)	20.32	49.76	21.73
- Dues of creditors other than micro enterprises and small enterprises	191.04	125.08	150.58
<b>Total Trade payables</b>	<b>211.36</b>	<b>174.84</b>	<b>172.31</b>

#### Trade Payables ageing schedule

March 31, 2023

Particulars	Outstanding for the following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	1.55	18.03	0.74	-	-	20.32
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	150.31	38.89	1.49	0.35	-	191.04
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>151.86</b>	<b>56.92</b>	<b>2.23</b>	<b>0.35</b>	<b>211.36</b>

March 31, 2022

Particulars	Outstanding for the following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total outstanding dues of micro enterprises and small enterprises	7.91	41.85	0.00	-	-	49.76
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	77.94	27.86	19.28	-	-	125.08
(iii) Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
(iv) Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>85.85</b>	<b>69.71</b>	<b>19.28</b>	<b>-</b>	<b>-</b>	<b>174.84</b>

Particulars	As at	As at	As at
	March 31, 2023	March 31, 2022	April 01, 2021
<b>(17) Other financial liabilities</b>			
<b>Current financial liabilities</b>			
Derivative liability - forward contract (Measured at fair value through profit and loss)	7.94	-	-
Interest accrued but not due on borrowings	1.66	0.58	0.46
Employee related obligations	24.63	24.04	11.95
<b>Total Current financial liabilities</b>	<b>34.23</b>	<b>24.62</b>	<b>12.41</b>

<b>(18) Provisions</b>			
<b>Non-current provisions</b>			
Gratuity (Refer note 29)	0.98	0.42	1.49
<b>Total Non-current provisions</b>	<b>0.98</b>	<b>0.42</b>	<b>1.49</b>

<b>(19) Other current liabilities</b>			
Advances from Customer	6.18	2.87	4.28
Statutory dues payable*	3.96	2.65	4.44
Others	0.05	-	-
<b>Total Other current liabilities</b>	<b>10.19</b>	<b>5.52</b>	<b>8.72</b>

\*Includes liability towards Tax deducted at source, provident fund contribution, Custom Duty Payable and Professional tax.



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

	(in Rupees Millions)	
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>(20) Revenue from operations</b>		
<b>a) Sale of products</b>		
- Domestic sales	1,529.49	1,274.36
- Export sales	2,663.33	1,837.59
	<b>4,192.82</b>	<b>3,111.95</b>
<b>b) Other Operating revenues</b>		
- Export Incentive	33.61	27.44
- Job Work Revenue	3.10	1.52
- Others	34.23	12.43
	<b>70.94</b>	<b>41.39</b>
<b>Total Revenue from operations</b>	<b>4,263.76</b>	<b>3,153.34</b>
<b>(21) Other income</b>		
Interest on :		
- Bank deposits	0.07	0.04
- Unwinding of security deposits	0.15	0.14
- Others	-	0.04
Foreign exchange gain (Net)	-	15.12
Profit on sale of fixed assets	0.06	-
Gain on derivative forwards measured through profit and loss	-	9.27
Liabilities no longer required written back	0.54	1.22
Miscellaneous income	1.99	0.61
<b>Total Other income</b>	<b>2.81</b>	<b>26.44</b>
<b>(22) Cost of raw material consumed</b>		
Inventory at the beginning of the year	210.55	163.73
Add: Purchased	3,276.75	2,774.46
Less: Raw material at the end of the year	(306.54)	(210.55)
<b>Cost of raw material consumed</b>	<b>3,180.76</b>	<b>2,727.64</b>
<b>(23) Changes in inventories</b>		
<b>At the beginning of the year</b>		
Finished goods	97.82	178.57
Work - in - progress	593.13	453.88
Finished goods in transit	428.68	151.87
	<b>1,119.63</b>	<b>784.32</b>
<b>At the end of the year</b>		
Finished goods	107.55	97.82
Work - in - progress	606.31	593.13
Finished goods in transit	397.06	428.68
	<b>1,110.92</b>	<b>1,119.63</b>
<b>Net (Increase) / Decrease</b>	<b>8.71</b>	<b>(335.31)</b>
<b>(24) Employee benefits expenses</b>		
Salaries, wages and bonus	101.90	90.21
Gratuity expense	0.74	0.62
Contribution to provident and other funds (Refer note 29)	1.96	1.82
Staff welfare expense	0.55	0.53
<b>Total Employee benefits expenses</b>	<b>105.15</b>	<b>93.18</b>
<b>(25) Finance costs</b>		
Interest on :		
- Lease liabilities (Refer note 28)	0.93	1.23
- Working Capital Demand Loan & Packing Credit	49.39	25.32
- Term loan	0.20	0.10
- Statutory dues	0.02	-
- Others	0.00	0.00
Other finance cost	5.86	4.47
<b>Total Finance cost</b>	<b>56.40</b>	<b>31.12</b>



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

(in Rupees Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>(26) Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (Refer note 3)	42.57	38.25
Amortisation of :		
- Lease assets (Refer note 4)	4.75	4.56
- Intangible assets (Refer note 3)	0.25	0.51
<b>Total Depreciation and amortisation expense</b>	<b>47.57</b>	<b>43.32</b>
<b>(27) Other expenses</b>		
Export charges	61.31	41.39
Foreign exchange loss (Net)	46.43	-
Consumption of packing material and stores & spare parts	43.56	37.97
Power and fuel	30.65	31.27
Freight charges	22.66	11.83
Legal and professional charges	27.04	14.46
Rates and taxes	9.11	0.06
Travelling and conveyance	9.27	3.41
Insurance charges	9.08	7.86
Loss on derivative forwards measured through profit and loss	7.94	-
Selling & distribution expense	7.02	4.09
Corporate Social Responsibility (Refer note 42)	6.45	2.68
License and registration fees	2.29	0.15
Security charges	2.47	2.14
Auditors remuneration (Refer note 27.1 below)	1.61	1.79
Reserch and development expenses	1.49	0.45
Donation	1.05	-
Repairs and maintainance:		
Factory	1.65	1.10
Others	2.45	3.54
Bank charges and commission	0.91	1.00
Electricity charges	0.30	0.25
Loss on sale of fixed assets / written off	-	0.28
Bad debts	0.19	0.15
Warehouse storage charges	0.89	1.11
Membership fees & subscription	0.30	0.11
Miscellaneous expenses	10.77	9.09
<b>Total Other expenses</b>	<b>306.89</b>	<b>176.18</b>
<b>(27.1) Payment to auditors :</b>		
(i) Audit fees	0.95	0.95
(ii) Tax Audit	0.30	0.30
(iii) Other services	0.36	0.54
<b>Total Payment to auditors</b>	<b>1.61</b>	<b>1.79</b>



# GEM AROMATICS LIMITED

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

## (28) Leases

### Operating lease

#### Company as lessee

The Group has entered into cancellable leasing arrangement in respect of office premises & land. From period beginning April 01, 2020 the Group has entered into long term lease arrangement.

#### Ind AS 116 - Lease liabilities

Particulars	(in Rupees Million)	
	As at March 31, 2023	As at March 31, 2022
Non-current	4.92	8.41
Current	3.47	3.61
<b>Total</b>	<b>8.39</b>	<b>12.02</b>

The Group adopted Ind AS 116, effective annual reporting period beginning April 1, 2021 and applied the standard to its leases, using modified retrospective method, with the cumulative effect of initially applying the Standard, recognised on the date of initial application April 1, 2021. Accordingly, the cumulative effect of initially applying this standard was recognised as an adjustment to the opening balance of retained earnings as on April 1, 2021.

This resulted in recognizing a right-of-use asset of Rs. 14.54 Million and a corresponding lease liability of Rs. 15.13 Million by adjusting retained earnings as at April 1, 2021.

#### (i) Movement in Lease liabilities:

Particulars	(in Rupees Million)	
	As at March 31, 2023	As at March 31, 2022
Opening Balance	12.02	-
Add: Transition made during the year	-	15.13
Add: Addition made during the year	-	-
Add: Finance cost accrued during the year	0.93	1.23
Less: Payment of Lease Liabilities	(4.56)	(4.34)
<b>Closing Balance</b>	<b>8.39</b>	<b>12.02</b>

#### (ii) The contractual maturities of Lease liabilities are as under on undiscounted basis:

Particulars	(in Rupees Million)	
	As at March 31, 2023	As at March 31, 2022
Payable within one year	4.79	4.56
Payable later than one year and not later than five years	4.15	8.94

(iii) Lease payments recognised for short term leases in Statement of Profit and Loss	0.45	0.05
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The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.



# GEM AROMATICS LIMITED

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## (29) Employee benefits

### (a) Defined contribution plan

The Group has a defined contribution plan in respect of provident fund. Contributions are made to provident fund in India for employees as per regulations. The contributions are made to registered provident fund administered by the Government of India. The obligation of the Group is limited to the amount contributed and it has neither further contractual nor any constructive obligation.

(in Rupees Million)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Employer's contribution to provident fund	1.96	1.82
Included in 'Contribution to provident fund & other funds' under employee benefits expense (Refer Note 24)		

### (b) Defined benefit plans

#### Gratuity:

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan and the Group makes contribution to recognised funds in India.

#### Actuarial Assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate	7.20%	6.50%
Future salary increases	5.00%	5.00%
Expected Return on Plan Assets	6.50%	6.10%
Attrition rate	10.00%	10.00%
Mortality rate	IALM 2012-14(Ult)	IALM 2012-14(Ult)

#### Notes:

- Discount rate: The discount rate is based on the prevailing market yields of Indian Government securities for the estimated term of the obligations.
- Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

The amounts recognised in the balance sheet and movements in the net defined benefit obligation (DBO) over the year are as follows :

(in Rupees Million)		
Change in the present value of obligation	As at March 31, 2023	As at March 31, 2022
<b>Present value of net obligation at the beginning of the year</b>	<b>0.42</b>	<b>1.49</b>
Net interest	0.03	0.04
Liability transfer out on account of slump sale	-	-
Current service cost	0.71	0.58
Past service cost	-	-
Benefits paid	-	-
Contribution to plan assets	(0.02)	(1.58)
Return on plan assets	0.02	0.02
<b>Remeasurement due to</b>		
- Actuarial (loss)/gain arising from change in financial assumptions	(0.19)	(0.09)
- Actuarial loss arising on account of experience changes	0.02	(0.05)
- Actuarial loss arising on account of demographical assumptions	-	-
<b>Present value of obligation at the end of the year</b>	<b>0.98</b>	<b>0.42</b>





# GEM AROMATICS LIMITED

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

Amount recognised in the statement of profit and loss	As at March 31, 2023	As at March 31, 2022
Current service cost	0.71	0.58
Net interest	0.03	0.04
<b>Total expense recognised in the statement of profit and loss</b>	<b>0.74</b>	<b>0.62</b>

Amount recognised in the other comprehensive income	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	-	-
Actuarial (loss)/gain arising from change in financial assumptions	0.19	0.09
Actuarial (loss)/gain arising from experience over past period	(0.02)	0.05
Return on plan assets, excluding amount included in net interest on net defined benefit liability/(assets)	(0.02)	(0.02)
<b>Balance at the end of the year</b>	<b>0.15</b>	<b>0.12</b>

(c) Sensitivity of the defined benefit obligation to changes in weighted principal assumptions is:

Particulars	As at March 31, 2023	As at March 31, 2022
Discount rate (Increases 1%)	(0.24)	(0.21)
Discount rate (Decreases 1%)	0.27	0.23
Salary increase rate (Increases 1%)	0.28	0.23
Salary increase rate (Decreases 1%)	(0.25)	(0.21)
Withdrawal Rate (Increases 1%) *	0.01	(0.00)
Withdrawal Rate (Decreases 1%) *	(0.01)	0.00

\* Amount less than 0.01 Million

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to previous period.



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## (30) Related party transactions

### (a) Related parties

#### (i) Subsidiary Companies

Sr. No	Name of the party	% of Holding as at	
		March 31, 2023	March 31, 2022
1	Gem Aromatics LLC	100.00%	100.00%
2	Krystal Ingredients Private Limited (w.e.f. April 22, 2021)	100.00%	100.00%
3	Gem Aromatics FZ LLC (w.e.f. April 22, 2021)	100.00%	100.00%

#### (ii) Entities in which Directors are Interested

Sr. No	Name of the party
1	Doterra Global Limited (formerly known as Lee River Holdings Limited) ("Doterra Group")
2	Doterra Enterprises, SARL ("Doterra Group")

#### (iii) Key managerial personnel

Sr. No	Particulars	Nature of relationship
1	Kaksha V Parekh	Director
2	Vipul N Parekh	Director
3	Yash V Parekh	Director
4	Vruta Y Parekh	Relative of KMP
5	Shaila S Ghangurde (w.e.f. March 29, 2023)	Company Secretary

### (b) Transaction and balances

(in Rupees Million)

Sr. No	Nature of Transaction	March 31, 2023	March 31, 2022
<b>A</b>	<b>Transactions during the year</b>		
<b>1</b>	<b>Remuneration</b>		
	Kaksha V Parekh	10.49	9.13
	Vipul N Parekh	10.49	9.13
	Yash V Parekh	30.96	30.11
	Vruta Y Parekh	0.23	0.25
	Shaila S Ghangurde*	0.00	-
<b>2</b>	<b>Advance given for purchase of property</b>		
	Kaksha V Parekh	-	7.20
	Vipul N Parekh	-	3.00
<b>3</b>	<b>Advance Salary</b>		
	Yash V Parekh	-	4.98
<b>4</b>	<b>Revenue from operations</b>		
	Doterra Global Limited	857.38	475.32
<b>5</b>	<b>Rent</b>		
	Kaksha V Parekh	2.21	2.10
	Vipul N Parekh	2.35	2.24
<b>6</b>	<b>Expenses incurred on behalf of the Company</b>		
	Kaksha V Parekh	0.01	0.10
	Vipul N Parekh	0.19	0.27
	Yash V Parekh	0.55	-

\* Amount less than 0.01 million



# GEM AROMATICS LIMITED

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

Sr no.	Balances	As at March 31, 2023	As at March 31, 2022
<b>B</b>	<b>Balances</b>		
<b>1</b>	<b>Employee related obligation</b>		
	Yash V Parekh	20.46	20.92
	Vruta Y Parekh	0.03	0.03
	Shaila S Ghangurde *	0.00	-
<b>2</b>	<b>Trade Receivables</b>		
	Doterra Global Limited	213.24	26.96
<b>3</b>	<b>Other financial assets</b>		
	Yash V Parekh	0.19	-
<b>4</b>	<b>Guarantees and collaterals</b>		
	Kaksha V Parekh	-	256.21
	Vipul N Parekh	-	256.21
	Yash V Parekh	789.85	256.21

\* Amount less than 0.01 Million

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.

Directors of the Parent company and entities where they have significant influence have given personal and corporate guarantee towards the loans availed from financial institutions by the Parent company, details of the same are disclosed under note 33.



# GEM AROMATICS LIMITED

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

## (31) 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.

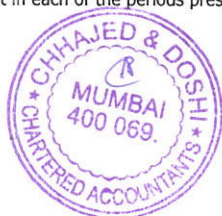
### (a) Financial instruments by category

		(in Rupees Million)		
	At fair value through profit and loss	Level	March 31, 2023	March 31, 2022
<b>Assets</b>				
	Derivative asset - Forward contract receivable	2	-	9.27
<b>Total Assets</b>			-	<b>9.27</b>
<b>Liabilities</b>				
	Derivative liabilities - Forward contract payables	2	7.94	-
<b>Total Liabilities</b>			<b>7.94</b>	-

	At amortised cost	(in Rupees Millions)	
		March 31, 2023	March 31, 2022
<b>Assets</b>			
	Investments *	0.00	0.00
	Trade receivables	796.36	395.07
	Cash and cash equivalents	105.83	64.98
	Loans	1.40	0.84
	Other financial assets	8.13	3.29
<b>Total Assets</b>		<b>911.72</b>	<b>464.18</b>
<b>Liabilities</b>			
	Borrowings	891.95	768.63
	Lease obligation	8.39	12.02
	Trade payables	211.36	174.84
	Other financial liabilities	26.29	24.62
<b>Total Liabilities</b>		<b>1,137.99</b>	<b>980.11</b>

\* Amount less than 0.01 Million

**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, 2023 and March 31, 2022 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.



# GEM AROMATICS LIMITED

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

## (32) Financial risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Parent company's Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### a). Credit risk

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

#### Cash and cash equivalents and other bank balances

The Group held cash and cash equivalents and other bank balances of Rs. 105.83 Mn as at March 31, 2023 (March 31, 2022 : Rs 64.98 Mn). The credit worthiness of banks and financial institutions is evaluated by management on an ongoing basis and is considered to be good.

#### Loans

Loan is given to related parties for which credit risk is managed by monitoring the recoveries of such amounts on regular basis. The Group does not perceive any credit risk related to such loans given to group companies since these will have an additional financial support from promoters as and when necessary.

#### 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 Group does not perceive any credit risk related to these financial assets.

Other than trade and other receivables, the Group has no other financial assets that are past due but not impaired.

### b). Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group has access to unused credit facility at the period ended March 31, 2023 amounting to Rs 911.94 Million (March 31, 2022 :Rs 161.37 Million) towards working capital needs as and when required.

#### Maturities of financial liabilities

The below table analyses the Group's financial liabilities into relevant maturity based on their contractual maturities. The amounts disclosed in the table are contractual undiscounted cash flows.

Particulars	Carrying amount	(in Rupees Millions)	
		Undiscounted amount	
		<12months	≥12months
<b>March 31, 2023</b>			
<b>Non Derivative financial instruments</b>			
Borrowings	891.96	889.35	3.10
Trade payables	211.36	211.36	-
Lease obligation	8.39	4.79	4.15
Other financial liabilities	26.29	26.29	-
<b>March 31, 2022</b>			
<b>Non Derivative financial instruments</b>			
Borrowings	768.63	768.63	-
Trade payables	174.83	174.83	-
Lease obligation	12.02	4.56	8.94
Other financial liabilities	24.62	24.62	-



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## (c). Market risk

Market risk is the risk arising from changes in market prices – such as foreign exchange rates and interest rates – that will affect the Group 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 Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of the investments. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

### (i). Currency risk

The Group is exposed to currency risk on account of foreign currency transactions including recognised assets and liabilities denominated in a currency that is not the Group's functional currency (₹), primarily in respect of United States Dollar, Euros and Chinese Yuan. The Group ensures that the net exposure is kept to an acceptable level.

#### Exposure to currency risk

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

#### As at March 31, 2023

Particulars	(in Rupees Millions)	
	USD converted to INR	YUAN converted to INR
<b>Financial assets</b>		
Deposits		
Receivables	548.16	44.47
<b>Net exposure to foreign currency (assets)</b>	<b>548.16</b>	<b>44.47</b>
<b>Financial liabilities</b>		
Payables	6.90	-
Borrowings	-	-
<b>Net exposure to foreign currency (liabilities)</b>	<b>6.90</b>	<b>-</b>
<b>Net exposure to foreign currency</b>	<b>541.26</b>	<b>44.47</b>

#### As at March 31, 2022

Particulars	(in Rupees Millions)	
	USD converted to INR	YUAN converted to INR
<b>Financial assets</b>		
Deposits		
Receivables	299.42	71.05
<b>Net exposure to foreign currency (assets)</b>	<b>299.42</b>	<b>71.05</b>
<b>Financial liabilities</b>		
Payables	7.41	-
Borrowings	688.24	-
<b>Net exposure to foreign currency (liabilities)</b>	<b>695.65</b>	<b>-</b>
<b>Net exposure to foreign currency</b>	<b>(396.23)</b>	<b>71.05</b>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against all other currencies would have affected the measurement of financial instruments denominated in a foreign currency profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	(in Rupees Millions)	
	Impact on profit after tax & Equity	
	March 31, 2023	March 31, 2022
USD		
- Increase by 5%	20.25	(14.83)
- Decrease by 5%	(20.25)	14.83
YUAN		
- Increase by 5%	1.66	2.66
- Decrease by 5%	(1.66)	(2.66)



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## Outstanding Derivative contracts

The Group hedges exposures to changes in foreign currency. The counterparty for these contracts is a bank. Of the all instruments, majority instruments of forward contracts which are valued at fair value through profit and loss.

The following table gives details in respect of outstanding hedge contracts:

Particulars	As at March 31, 2023			
	USD	INR	YUAN	INR
Forward contracts (fair valuation through profit and loss)	13.77	1,135.85	4.99	61.10
<b>Total</b>	<b>13.77</b>	<b>1,135.85</b>	<b>4.99</b>	<b>61.10</b>

(in Millions)

Particulars	As at March 31, 2022			
	USD	INR	YUAN	INR
Forward contracts (fair valuation through profit and loss)	9.83	777.11	5.84	70.66
<b>Total</b>	<b>9.83</b>	<b>777.11</b>	<b>5.84</b>	<b>70.66</b>

(in Millions)

Following table summarises approximate gain / (loss) on the Group's other comprehensive income on account of appreciation / depreciation of the underlying currencies:

Particulars	Impact on profit after tax	
	March 31, 2023	March 31, 2022
USD		
- Increase by 5%	42.50	29.08
- Decrease by 5%	(42.50)	(29.08)
USD		
- Increase by 5%	2.29	2.64
- Decrease by 5%	(2.29)	(2.64)

(in Rupees Millions)

## (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 Group exposure to interest rate risks relates primarily to the Group interest obligations on its borrowings. Borrowings taken at variable rates are exposed to fair value interest rate risk. The Group carries excellent credit ratings, due to which it has assessed that there are no material interest rate risk and any exposure thereof.

## (iii). Capital risk management

The Group 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 Group 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 Group'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.

The Group monitors its capital by using gearing ratio, which is net debt divided to total equity. Net debt includes borrowings net of cash and bank balances and total equity comprises of equity share capital, general reserve, securities premium, other comprehensive income and retained earnings.

Particulars	March 31, 2023	March 31, 2022
Borrowings	891.96	768.63
Less : Cash and cash equivalents	(105.83)	(64.98)
Less : Other bank balances	(0.11)	(0.10)
<b>Net Debt</b>	<b>786.02</b>	<b>703.55</b>
Equity	1,795.50	1,381.58
<b>Total Capital</b>	<b>1,795.50</b>	<b>1,381.58</b>
Total Capital and Net Debt	2,581.52	2,085.13
<b>Capital gearing ratio</b>	<b>0.30</b>	<b>0.34</b>

## Loan covenants

The Group is required to comply with all the loan covenants as set out in the loan agreement/facility letter. The Group has complied with these covenants during the reporting period.



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(33) Details of the outstanding principal (including unamortised borrowing cost, if any), interest rate, security and repayment terms:

(in Rupees Millions)

Sr no	Name of the Bank	Amount of March 31, 2023	Amount of March 31, 2022	Applicable interest rate	Type of loan and underlying facilities	Amount sanctioned	Repayments terms
1	L-1	239.79	-	8.45%	i. Cash credit ii. Pre-shipment finance iii. Post-shipment finance	400.00	On demand
2	L-2	80.00	193.14	8.75%	i. Pre-Shipment/Post-Shipment/Bill Discounting ii. Usance letter of Credit/Sight letter of Credit iii. Cash Credit/Buyers Credit/WCDL	330.00	On demand
3	L-3	430.27	328.58	8.50%	i. Cash credit ii. Export credit	660.00	On demand
4	L-4	45.00	143.44	10.60%	i. Overdraft ii. Post shipment iii. Export packing credit	210.00	On demand
5	L-5	93.00	103.47	8.50%	i. Cash Credit/Buyers Credit/WCDL	200.00	On demand
6	L-6	3.90	-	7.0% - 8.15%	i) Vehicle loan	4.09	
<b>Total</b>		<b>891.96</b>	<b>768.63</b>			<b>1,804.09</b>	

## A Collateral

- All the borrowings are secured first pari passu charge on stock, book debts, hypothecation charge on and all the immovable property, plant & equipments of the Group, both present & future.
- Collateral properties :
  - Land & Building at Plot 2, Survey No 16/4/2, Near Alok Industries, Village Rakholi, Silvassa - 396230 (D&NH), India.
  - Land & Building at Plot 126,8,9,10, Village Gathona Tehsil & District Badaun of the group.
- Term loans pertain to vehicles purchased by the Group and are issued against hypothecation of the Vehicles.

## B Guarantor

Above borrowings is backed by the personal guarantee given by Yash V Parekh

- C The Group has borrowings from banks or financial institutions on the basis of security of book debts, inventory and other time deposits. The quarterly statements of current assets filed by the Parent company with banks are primarily in agreement with the books of accounts and there are no material differences.





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## (34) Ratio Analysis and its elements

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Remarks (where % change is more than 25%)
Current ratio	Current Assets	Current Liabilities	2.12	2.01	5.39%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.50	0.56	-10.71%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest payable to bank	9.97	14.03	-28.90%	Decrease due to increase in finance costs on account of increase in interest rates
Return on net worth*	Net Profits after taxes	Shareholder's Equity	24.89%	22.57%	10.27%	
Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.31	2.08	10.61%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	7.04	8.12	-13.27%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	16.97	15.98	6.16%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	3.25	3.07	6.13%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.11	0.10	6.37%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	22.98%	22.08%	4.06%	
Return on Investment	Interest (Finance Income)	Investment	3.23%	5.05%	-36.20%	Due to difference in duration of deposits kept with the bank



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## (35) First-time adoption of Ind AS

As stated in note 2, the Group 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. The Group has also applied the accounting policies in preparing the Ind AS, opening balance sheet as at April 1, 2021 for the purpose of transition to Ind AS and as required by Ind AS 101: First Time adoption of Indian Accounting Standards.

### Exemptions applied :

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions with respect to transition to Ind AS:

The carrying amounts of the Company's investments in its subsidiary and associate companies as per the financial statements of the Company prepared under Previous GAAP, are considered as deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

### Exceptions applied :

**a. De-recognition of financial assets and liabilities exception -** Financial assets and liabilities de-recognised before transition date are not re-recognised under Ind AS.

**b. Classification and measurement of financial assets :** The fair value of the financial asset or the financial liability at the date of transition to Ind AS is considered as new gross carrying amount of that financial asset or the new amortised cost of that financial liability at the date of transition to Ind AS.

### Impact of transition to Ind AS

Net Ind-AS transition adjustments of Rs 27.08 Million in the opening balance sheet as at April 1, 2021 and cumulative transition adjustment of Rs 107.27 Million as at March 31, 2022 has been adjusted from retained earnings.

Particulars	Note	March 31, 2022			April 01, 2021		
		IGAAP	Ind AS Adjustment	Ind AS	IGAAP	Ind AS Adjustment	Ind AS
(in Rupees Million)							
<b>ASSETS</b>							
<b>(A) Non-current assets</b>							
(a) Property, plant and equipment	a	351.04	(92.59)	258.45	241.10	(3.90)	237.20
(b) Right-of-use assets	c	-	98.82	98.82	-	14.54	14.54
(c) Capital work in progress		12.87	-	12.87	21.52	-	21.52
(d) Intangible Assets		0.24	-	0.24	0.37	-	0.37
(e) Financial assets							
(i) Investments	d	0.00	-	0.00	0.00	-	0.00
(ii) Other financial assets		4.04	(1.18)	2.86	2.92	(0.24)	2.68
(f) Other assets		2.71	-	2.71	-	-	-
<b>Total Non-current assets</b>		<b>370.90</b>	<b>5.05</b>	<b>375.95</b>	<b>265.91</b>	<b>10.40</b>	<b>276.31</b>
<b>(B) Current assets</b>							
(a) Inventories		1,040.62	300.71	1,341.33	824.98	128.85	953.83
(b) Financial assets		-	-	-	-	-	-
(i) Trade receivables		948.38	(553.31)	395.07	531.79	(159.96)	371.83
(ii) Cash and cash equivalents		64.98	-	64.98	81.66	-	81.66
(iii) Loans		0.84	-	0.84	0.36	-	0.36
(iv) Other financial assets		9.70	-	9.70	34.48	-	34.48
(c) Other assets		197.22	11.69	208.91	126.45	2.98	129.43
<b>Total current assets</b>		<b>2,261.74</b>	<b>(240.91)</b>	<b>2,020.83</b>	<b>1,599.72</b>	<b>(28.13)</b>	<b>1,571.59</b>
<b>Total assets</b>		<b>2,632.64</b>	<b>(235.86)</b>	<b>2,396.78</b>	<b>1,865.63</b>	<b>(17.73)</b>	<b>1,847.90</b>
<b>EQUITY AND LIABILITIES</b>							
<b>(A) Equity</b>							
(a) Equity share capital		17.85	-	17.85	17.85	-	17.85
(b) Other equity		1,471.00	(107.27)	1,363.73	1,084.32	(27.08)	1,057.24
<b>Total Equity</b>		<b>1,488.85</b>	<b>(107.27)</b>	<b>1,381.58</b>	<b>1,102.17</b>	<b>(27.08)</b>	<b>1,075.09</b>
<b>(B) Liabilities</b>							
<b>(I) Non-current liabilities</b>							
(a) Financial liabilities							
(i) Lease liabilities	c	-	8.41	8.41	-	11.37	11.37
(b) Provisions		0.42	-	0.42	1.49	-	1.49
(c) Deferred tax liabilities (Net)	d	0.23	0.07	0.30	2.61	0.22	2.83
<b>Total Non-current liabilities</b>		<b>0.65</b>	<b>8.48</b>	<b>9.13</b>	<b>4.10</b>	<b>11.59</b>	<b>15.69</b>
<b>(II) Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		768.63	-	768.63	554.03	-	554.03
(ii) Lease liabilities	c	-	3.61	3.61	-	3.76	3.76
(iii) Trade payables							
1. Dues of micro enterprises and small enterprises		49.76	-	49.76	21.73	-	21.73
2. Dues of creditors other than micro enterprises and		267.94	(142.86)	125.08	156.58	(6.00)	150.58
(iv) Other financial liabilities		24.62	-	24.62	12.41	-	12.41
(b) Other liabilities		5.52	-	5.52	8.72	-	8.72
(c) Current tax liabilities		26.67	2.18	28.85	5.89	-	5.89
<b>Total Current liabilities</b>		<b>1,143.14</b>	<b>(137.07)</b>	<b>1,006.07</b>	<b>759.36</b>	<b>(2.24)</b>	<b>757.12</b>
<b>Total Equity and Liabilities</b>		<b>2,632.64</b>	<b>(235.86)</b>	<b>2,396.78</b>	<b>1,865.63</b>	<b>(17.73)</b>	<b>1,847.90</b>



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Reconciliation of Other equity	Note	As at March 31, 2022	As at April 01, 2021
Previously reported		1,471.00	1,084.32
Impact of revenue from contract (net of deferred tax)	b	(112.42)	(39.28)
Impact of Lease accounting (net of deferred tax)	c	(2.57)	(1.40)
Error in estimation of liability		(2.41)	0.65
FCTR		2.93	0.20
Other impact		7.20	12.75
<b>Revised Other equity</b>		<b>1,363.73</b>	<b>1,057.24</b>

Reconciliation of Total comprehensive Income	Note	Year ended March 31, 2022
Previously reported		380.31
Impact of Ind AS 115 - Revenue from contract with customers	b	(72.94)
Impact of Ind AS 116 - Leases	c	(0.53)
Other expenses		(2.41)
<b>Net Profit before tax as per Ind AS</b>		<b>304.43</b>
FCTR		2.93
Re-measurement losses on defined benefit plans / (net of tax)		(0.08)
<b>Revised Total Comprehensive Income</b>		<b>307.28</b>

## Notes :

**a. Deemed cost exemption:** The Group has elected to continue with the carrying value of all of its property, plant and equipment & intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and used it as its deemed cost at the date of transition.

**b. Revenue from contracts with customer :** Ind AS 115 Revenue from contracts with customers establishes a five step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires Company to exercise judgement, taking into consideration all the relevant facts and circumstances when applying each step of model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2021.

**c. 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 01, 2021 being the date of transition which resulted into recognition of right-of-use assets, lease liabilities 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. 9.98 Million as at March 31, 2022 (April 01, 2021: Rs. 14.54 Million) and the lease liabilities recognised by Rs. 12.02 Million as at March 31, 2022 (April 01, 2021: Rs. 15.13 Millions) Also, interest free lease security deposits were recorded at their transaction value under the Indian GAAP. However, under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued certain security deposits by discounting them over the lease period under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as ROU asset which has been adjusted in the value of ROU asset. Consequent to this change, the amount of security deposits reduced by Rs. 0.46 Millions as at March 31, 2022 (April 01, 2021: Rs. 0.59 Millions) and the ROU asset is increased by Rs. 0.46 Millions as at March 31, 2022 (April 01, 2021: Rs. 0.59 Millions).

**d. Deferred Tax :** Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The deferred tax liability is increased by Rs. 0.07 Millions is on March 31, 2022 (April 1, 2021: Rs. 0.22 Millions).

**e. Defined benefit liabilities :** Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements i.e., actuarial gains and losses and the return on plan assets excluding amounts included in net interest on the net defined benefit liability are recognised in Other Comprehensive Income (OCI) instead of profit or loss. Thus, the employee benefits cost in profit and loss is increased by Rs. 0.11 Millions for the year ended 31 March 2022 and on 1 April 2021 re-measurement gain of Rs. Nil on defined benefit plans has been recognised in the OCI by transfer from retained earnings, as a result of this change there is no impact on the total equity.

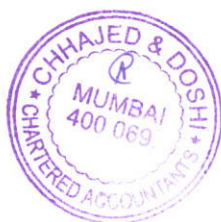
## f. Estimates :

i) The estimates at March 31, 2021 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 Group to present these amounts in accordance with Ind AS reflect conditions at the date of transition to Ind AS and as at March 31, 2021

## 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.



## GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

### (36) Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements:

Subsidiaries	Country of incorporation	As at March 31, 2023	As at March 31, 2022
<b>(a) Subsidiaries directly held</b>			
Gem Aromatics LLC	United States of America	100.00%	100.00%
Krystal Ingredients Private Limited (w.e.f. April 22, 2021)	India	100.00%	100.00%
Gem Aromatics FZ LLC (w.e.f. April 22, 2021)	United Arab Emirates	100.00%	100.00%

### (37) Additional information pursuant to paragraph 2 of Division II - Schedule III to the Companies Act 2013 - 'Part II - General Instructions for the preparation of the consolidated financial statements'

(in Rupees Million)

Name of the entities in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Total Comprehensive Income	Amount
<b>March 31, 2023</b>								
<b>Parent</b>								
Gem Aromatics Limited*	98.31%	1,765.11	92.36%	412.78	100.00%	(16.38)	95.77%	396.40
<b>Subsidiary</b>								
Gem Aromatics LLC	2.54%	45.55	9.58%	42.83	0.00%	(16.61)	6.33%	26.22
Krystal Ingredients Private Limited	-0.81%	(14.52)	-1.80%	(8.05)	0.00%	-	-1.94%	(8.05)
Gem Aromatics FZ LLC	-0.04%	(0.64)	-0.14%	(0.63)	0.00%	(0.01)	-0.16%	(0.64)
<b>Non Controlling Interest</b>	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Total</b>	<b>100.00%</b>	<b>1,795.50</b>	<b>100.00%</b>	<b>446.93</b>	<b>100.00%</b>	<b>(33.00)</b>	<b>100.00%</b>	<b>413.93</b>

(in Rupees Million)

Name of the entities in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Total comprehensive Income	Amount
<b>March 31, 2022</b>								
<b>Parent</b>								
Gem Aromatics Limited*	99.07%	1,368.72	98.96%	308.63	69.77%	(3.75)	99.48%	304.88
<b>Subsidiary</b>								
Gem Aromatics LLC	1.40%	19.33	3.21%	10.00	30.02%	(1.61)	2.74%	8.39
Krystal Ingredients Private Limited	-0.47%	(6.47)	-2.11%	(6.57)	0.00%	-	-2.14%	(6.57)
Gem Aromatics FZ LLC	0.00%	0.00	-0.06%	(0.20)	0.21%	(0.01)	-0.07%	(0.21)
<b>Non Controlling Interest</b>	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Total</b>	<b>100.00%</b>	<b>1,381.58</b>	<b>100.00%</b>	<b>311.86</b>	<b>100.00%</b>	<b>(5.37)</b>	<b>100.00%</b>	<b>306.49</b>

\*Formerly known as Gem Aromatics Private Limited



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## (38) Earnings per share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to the equity holders of the Group (Rs in Millions)	446.92	311.86
Weighted average number of equity shares for Basic EPS (in nos)	89,24,290	89,24,290
Adjustment for calculation of Diluted EPS (in nos)	-	-
Weighted average number of equity shares for Diluted EPS (in nos)	89,24,290	89,24,290
Earnings per share (Rs.)		
- Basic	50.08	34.94
- Diluted	50.08	34.94
Face value per equity share (Rs.)	2.00	2.00

Note: Subsequent to March 31, 2023, the equity shares of the company has been sub divided from 1,784,858 fully paid up equity shares of face vale Rs. 10 into 8,924,290 equity shares of face value Rs. 2 each.

## (39) Income tax expense

This note provides analysis of Group'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 Group's tax position.

### (a) Income tax expense is as follows:

(in Rupees Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>(a) Profit and loss</b>		
Current tax	121.75	134.70
Tax expense relating to prior years	-	(0.41)
Deferred tax	(7.58)	(2.50)
<b>Total tax expense</b>	<b>114.17</b>	<b>131.79</b>
<b>Income tax expense</b>	<b>114.17</b>	<b>131.79</b>

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

(in Rupees Millions)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Profit before tax</b>	<b>561.09</b>	<b>443.65</b>
Tax rate	25.17%	25.17%
<b>Computed tax expense</b>	<b>141.21</b>	<b>111.66</b>
Expenses not deductible for tax purpose	4.10	9.32
Tax expense relating to prior years	(25.00)	(0.41)
Impact due to change in tax rate	-	-
Others	(6.14)	11.22
<b>Income tax expense</b>	<b>114.17</b>	<b>131.79</b>



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## (40) 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 Group's performance and allocating the resources based on an analysis of various performance indicators by business segments and geographic segments.

The Group is engaged into business of Manufacturing and exporting of essential oils which is single reportable business segment. Hence the Group's financial statements reflect the position for a reportable segment and no separate disclosure is required. The Group has its manufacturing operations in India and sales products across various geographies in the world.

The information relating to revenue from external customers of its single reportable segment has been disclosed as below:

(in Rupees Millions)		
Revenue from operations	Year ended March 31, 2023	Year ended March 31, 2022
Particulars		
USA	1,770.75	1,002.45
India	1,529.65	1,274.31
China	233.36	364.12
Germany	189.49	53.49
Singapore	145.73	35.66
Rest of the world	394.78	423.32
<b>Total</b>	<b>4,263.76</b>	<b>3,153.35</b>

All the non-current operating assets are located in India.

### List of customer from which revenue from sale of product is more than 10%

Customers	Year ended March 31, 2023	Year ended March 31, 2022
Customer A	7.33%	11.72%
Customer B	7.75%	4.45%
Customer C	20.53%	15.83%

## (41) Commitments and contingent liabilities

(in Rupees Millions)		
Claims against the Group not acknowledged as debt :	Year ended March 31, 2023	Year ended March 31, 2022
<b>Commitments</b>		
Capital Commitment entered by the Group	22.21	2.71
<b>Total Commitments</b>	<b>22.21</b>	<b>2.71</b>
<b>Contingent liabilities*</b>		
Under Customs regulations	300.97	288.29
Under Income Tax Act	48.02	2.18
Under Goods and Service Tax Act (Disallowance of ITC availed)	40.49	36.45
Under Stamp Duty Act	1.71	1.71
Bank gaurantees with customs authorities	4.73	4.73
<b>Total Contingent liabilities</b>	<b>395.93</b>	<b>333.36</b>

\* These claims are not acknowledged as debt by the Group.

## (42) Corporate Social Responsibility

(in Rupees Millions)		
Particular	Year ended March 31, 2023	Year ended March 31, 2022
<b>Corporate Social Responsibility expenditure</b>		
Amount required to be spent as per Section 135 of the Companies Act, 2013	6.45	4.85
Amount spent during the year on:		
(i) Construction / acquisition of an asset	-	-
(ii) Purposes other than (i) above	16.31	2.68
Shortfall / (Excess) at the end of the year (after adjusting PY excess balance)	(9.86)	(0.59)



# GEM AROMATICS LIMITED

(Formerly known as Gem Aromatics Private Limited)

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

## (43) Dues of micro and small enterprises

Particulars	(in Rupees Millions)	
	Year ended March 31, 2023	Year ended March 31, 2022
Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED') which came into force from 2 October 2006, certain disclosures are required related to MSME. On the basis of the information and records available with the Group, following are the details of dues:	-	-
- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	18.40	49.62
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	1.92	0.13
- the amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
<b>Total</b>	<b>20.32</b>	<b>49.75</b>

(44) 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.

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

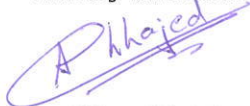
## (46) Other Statutory Information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property
- (ii) The Group does not have any transactions with companies struck off.
- (iii) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group 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 Group (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vi) The Group 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 Group has not any such transaction which is 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.

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

As per our report of even date

**FOR CHHAJED & 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  
**Gem Aromatics Limited**  
CIN: U24246MH1997PTC111057



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



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



**Shaila S. Ghangurde**  
Company Secretary  
Place : Mumbai  
Date : 21-08-2023

