

Krystal Integrated Services Limited

(Formerly Known As Krystal Integrated Services Private Limited)



DIRECTORS' REPORT

Dear Members,

Your Company's Directors hereby present the 22nd Annual Report of the Company together with Audited Financial Statements for the Financial Year ended March 31, 2023.

Financial Performance

Summary of the Company's financial performance for the Financial Year 2022-23 ("year under review") as compared to previous Financial Year 2021-22 ("previous year") is given below:

(Amount in Million)

Particulars	Consolidated		Standalone	
	As on March 31, 2023	As on March 31, 2022	As on March 31, 2023	As on March 31, 2022
Total Income	7,109.65	5,548.47	6,882.64	5,401.83
Profit / (Loss) before Interest, Tax and Depreciation	578.37	476.37	570.63	472.94
Finance Cost	94.92	87.78	94.77	87.75
Profit / (Loss) before Depreciation and Tax	483.45	388.59	475.87	385.19
Depreciation	46.57	42.95	43.36	42.33
Profit / (Loss) before Tax	436.88	345.65	432.50	342.85
Tax Expense (including deferred tax credit)	52.45	82.91	50.40	82.66
Net Profit / (Loss)	384.43	262.74	382.11	260.19
Other Comprehensive Income	3.23	15.05	2.51	14.80
Total Comprehensive Income	387.66	277.80	384.61	275.00
Earnings Per Equity Share (Basic) (Rs.)	33.33	22.69	33.15	22.58
Earnings Per Equity Share (Diluted) (Rs.)	33.33	22.69	33.15	22.58

Revenue

Your Company reported a Standalone total income of INR 6,882.64 million in the year under review versus INR 5,401.83 million in the previous year.

Your Company reported a consolidated total income of INR 7,109.65 million in the year under review versus INR 5,548.47 million in the previous year.

Operating Profit / (Loss)

Profit before Interest, Tax and Depreciation on standalone basis was at INR 570.63 million in the year under review versus a profit of INR 472.94 million in the previous year.

Profit before Interest, Tax and Depreciation on consolidated basis was at INR 578.37 million in the year under review versus a profit of INR 476.37 million in the previous year.

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Nature of Business / Information on the State of Affairs of the Company

Your Company is engaged in services of Integrated facilities management with a focus on healthcare, education, public administration (state government entities, municipal bodies and other government offices), airports, railways and metro infrastructure, and retail sectors.

Your Company provides a comprehensive range of integrated facility management service offerings across multiple sectors. Range of service offerings include soft services such as housekeeping, sanitation, landscaping

and gardening, and hard services such as mechanical, electrical and plumbing services, solid, liquid and biomedical waste management, pest control, façade cleaning and effluent treatment. Your Company also provides staffing solutions and payroll management to our customers, as well as private security and manned guarding services and catering services.

Change in the nature of business

During the year under review, there was no change in the nature of business of the Company.

Transfer to Reserves

During FY 2022-23, the Company has not transferred any amount to Statutory Reserves.

Dividend

In order to conserve resources for future requirements, your Directors did not recommend any dividend on Equity Shares of the Company for the year ended March 31, 2023.

Holding company, Subsidiary companies, Joint Venture or Associate companies:

The Company is a wholly owned subsidiary of M/s. Krystal Family Holdings Private Limited. As on March 31, 2023, the Company has 2 wholly owned subsidiaries viz. Krystal Gourmet Private Limited and Flame Facilities Private Limited and two Joint Ventures namely, Krystal Aquachem and Joint Venture of Nangia & Co LLP & Krystal Integrated Services Limited. However, Joint Venture of Nangia & Co LLP & Krystal Integrated Services Limited is yet to commence any business.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("the Act"), statement containing salient features of the financial statements of subsidiaries, joint venture and associate companies in **Form AOC-1** is attached to the financial statements as **Annexure I** to the Report.

The separate financial statements of the subsidiaries are available on the website of the Company and can be accessed at [Krystal Integrated Services Limited \(krystal-group.com\)](http://Krystal Integrated Services Limited (krystal-group.com))

Material changes and commitments, affecting financial position of the Company

Material changes and commitments which have occurred during the year under review and between the financial year ended March 31, 2023 and the date of this report affecting the financial position of the Company are given herein below:

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Order of Court

The National Company Law Tribunal Court, Mumbai Bench has passed an order dated June 20, 2022 in the matter of Scheme of Arrangement in the nature of Demerger between Krystal Integrated Services Private Limited (Demerged Company) and Volksara Techno Solutions Private Limited (Resulting Company).

Conversion of the Company from a Private Limited Company to a Public Limited Company

Effective August 04, 2023, your Company has converted from private limited to public limited and the Company has received a fresh certificate of incorporation consequent upon conversion from private company to public company dated August 04, 2023 from the Registrar of Companies, Maharashtra, Mumbai.

Initial Public Offering of Equity Shares of the Company

Your Company proposes to create, issue, transfer, offer and allot such number of Equity Shares such that the amount being raised pursuant to the fresh issue aggregates up to ₹ 1,750 million (the "Fresh Issue") and/or an offer for sale of Equity Shares aggregating up to 17,50,000 by certain existing shareholders of the Company (the "Selling Shareholder", and such offer for sale, the "Offer for Sale") (the Offer for Sale together with the Fresh Issue, the "Offer" or the "IPO"), at a price as may be determined by the book building process in accordance with applicable laws, including without limitation the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"). The Equity Shares allotted/transferred shall rank in all respects pari passu with the existing Equity Shares of the Company including any rights in respect of dividend payable for the entire year after the date of allotment.

In this regard, your Company is in the process of filing Draft Red Herring Prospectus with Securities and Exchange Board of India and the Stock Exchanges, and subsequently will file a red herring prospectus (the "RHP") with the Registrar of Companies, Maharashtra at Mumbai ("RoC") and thereafter with SEBI, and the Stock Exchanges and file a prospectus with the RoC and thereafter with SEBI and the Stock Exchanges in respect of the Offer (the "Prospectus", and together with the DRHP and the RHP, the "Offer Documents"), in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), the Companies Act, 2013, and the rules notified thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) (collectively referred to as the "Companies Act") and other applicable laws.

The Equity Shares are proposed to be listed on the Bombay Stock Exchange Limited, the National Stock Exchange of India Limited and any other stock exchange as determined by the Board at its absolute discretion (together, the "Stock Exchanges") and the Company will be required to enter into listing agreements with each of the Stock Exchanges.

The Company has not made and will not make an offer of the Equity Shares in the Offer to its promoters or members of the promoter group of the Company in the Offer. However, the Directors (except independent directors), the key managerial personnel or senior management personnel may apply for the Equity Shares in the various categories under the IPO in accordance with the SEBI ICDR Regulations, the Companies Act, and any other applicable laws.

No change in control of the Company or its management is intended or expected pursuant to the IPO.

Adoption of new Accounting Policies

The Company has adopted new Accounting Policies i.e. Indian Accounting Standard (abbreviated as Ind-AS) for maintaining uniformity in accounting system.

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Krystal Integrated Services Limited Employee Stock Option Plan, 2023

On September 08, 2023 shareholders of your Company approved and adopted "Krystal Integrated Services Limited Employee Stock Option Plan, 2023" or "Krystal ESOP Plan, 2023" or "ESOP Plan", pursuant to the applicable provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time, for the benefit of eligible employees of your Company or its holding company or any of its subsidiary company, at such price and on such terms and conditions as may be determined by the Board from time to time, SEBI Regulations and in accordance with the provisions of the Krystal ESOP Plan, 2023 or other applicable provisions of any law as may be prevailing at that time.

The Company has till date not granted any stock options under the aforesaid scheme.

Share Capital

The Board of Directors of the Company at their meeting held on September 06, 2023 and shareholders at their meeting held on September 08, 2023, approved the increase in authorized share capital of the Company from ₹10,00,00,000 (Rupees Ten crore only) divided into 100,00,000 (One crore) equity shares of ₹10 (Ten) each to ₹ 15,00,00,000 (Rupees Fifteen crore only) divided into 1,50,00,000 (One crore Fifty lakhs) equity shares of ₹10 (Ten) each. Hence, the present Authorised Share Capital of the Company stands at ₹15,00,00,000 (Rupees Fifteen crore only).

The Board of Directors of the Company and the shareholders at their meeting held on September 26, 2023 approved the issue of 57,62,200 bonus equity shares of Rs. 10/- (Rupees Ten) each credited as fully paid-up to eligible members of the Company in the proportion of 1 (One) new fully paid-up equity share of Rs. 10/- (Rupees Ten) each for every 1 (One) existing fully paid-up equity shares of Rs. 10/- (Rupees Ten) each held by them, by capitalizing a sum not exceeding Rs. 5,76,22,000/- (Rupees Five Crore Seventy-Six Lakhs Twenty-Two Thousand) from and out of the free reserves or such other accounts, as are permissible to be utilized for the purpose, as per the audited accounts of the Company for the financial year ended March 31, 2023.

Post allotment of 57,62,200 Bonus Equity Shares, the Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2023 stood at Rs. 11,52,44,000/- (Rupees Eleven Crore Fifty-Two Lakhs Forty-Four Thousand) comprising of 1,15,24,400 Equity Shares (One Crore Fifteen Lakhs Twenty-Four Thousand Four Hundred) having face value of Rs. 10/- each.

Non-Convertible Debentures

During the year under review, the Company has not issued and allotted any Non-Convertible Debentures.

Credit Rating

During the year under review, Rating Agencies reaffirmed / issued ratings to the Company, as under:

Rating Agency	Rating	Nature of Securities
CRISIL Rating Limited	BBB+	Term Loan, Working Capital and Cash Credit Facilities

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Details relating to deposits

During the period under review, the Company has not accepted or renewed any amount falling within the purview of the provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Thus, as on March 31, 2023, there were no deposits which were unpaid or unclaimed and due for repayment.

Details of Directors and Key Managerial Personnel

There was no change in Directorship during the year under review. However, following changes took place from the end of the Financial Year March 31, 2023 till the date of this report:

1. The Board at its Meeting held on June 21, 2023 approved the appointment of Mr. Vijay Kumar Agarwal as an Additional Director (Independent) on the Board of Directors of the Company w.e.f. 21st June, 2023. Shareholders of the Company at their Extra Ordinary General Meeting held on September 08, 2023 approved the appointment of Mr. Vijay Kumar Agarwal as an Independent Director for a period of 5 (five) consecutive years and whose office shall not be liable to retire by rotation.
2. The Board at its Meeting held on June 30, 2023 approved the appointment of Professor Sunder Ram Govind Raghavan Korivi as an Additional Director (Independent) on the Board of Directors of the Company w.e.f. 30th June, 2023. Shareholders of the Company at their Extra Ordinary General Meeting held on September 08, 2023 approved the appointment of Professor Sunder Ram Govind Raghavan Korivi as an Independent Director for a period of 5 (five) consecutive years and whose office shall not be liable to retire by rotation.
3. The Board at its Meeting held on August 03, 2023 approved the appointment of Dr. Dhanya Pattathil as an Additional Independent Director on the Board of the Company w.e.f. August 03, 2023. Shareholders of the Company at their Extra Ordinary General Meeting held on September 08, 2023 the appointment of Dr. Dhanya Pattathil as an Independent Director for a period of 5 (five) consecutive years and whose office shall not be liable to retire by rotation.
4. The Board at its Meeting held on August 25, 2023 based on the recommendation of the Nomination, Remuneration & Compensation Committee approved the appointment of Dr. Yajyoti Singh, Lt. Colonel Kaninika Thakur as Additional Directors (Independent Director) on the Board of the Company w.e.f. August 25, 2023. Shareholders of the Company at their Extra Ordinary General Meeting held on September 08, 2023 approved the appointment of the Dr. Yajyoti Singh, Lt. Colonel Kaninika Thakur as Independent Directors for a period of 5 (five) consecutive years and whose office shall not be liable to retire by rotation.
5. The Board at its Meeting held on September 15, 2023 based on the recommendation of the Nomination, Remuneration & Compensation Committee approved the re-designation of Ms. Neeta Prasad Lad as the Managing Director of the Company and Mr. Shubham Prasad Lad, Ms. Saily Prasad Lad, Mr. Pravin Ramesh Lad and Mr. Sanjay Suryakant Dighe, as Whole-time Directors on the Board of the Company for a period of 3 years with effect from September 15, 2023 to September 14, 2026. Shareholders of the Company at their Extra Ordinary General Meeting held on September 18, 2023 approved the re-designation Ms. Neeta Prasad Lad as the Managing Director and Mr. Shubham Prasad Lad, Ms. Saily Prasad Lad, Mr. Pravin Ramesh Lad and Mr. Sanjay Suryakant Dighe, as Whole-time Directors on the Board of the Company, liable to retire by rotation.

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As on the date of this report, the composition of the Board of Directors of the Company is as stated below:

Sr. No.	Name	Designation
1.	Mr. Vijay Kumar Agarwal	Non-Executive, Independent Director
2.	Professor Sunder Ram Govind Raghavan Korivi	Non-Executive, Independent Director
3.	Dr. Dhanya Pattathil	Non-Executive, Independent Director
4.	Dr. Yajyoti Singh	Non-Executive, Independent Director
5.	Lt. Colonel Kaninika Thakur	Non-Executive, Independent Director
6.	Ms. Neeta Prasad Lad	Executive, Managing Director & Chairperson
7.	Mr. Shubham Prasad Lad	Executive, Whole-time Director
8.	Ms. Saily Prasad Lad	Executive, Whole-time Director
9.	Mr. Pravin Ramesh Lad	Executive, Whole-time Director
10.	Mr. Sanjay Suryakant Dighe	Executive, Whole-time Director & Chief Executive Officer

- Ms. Shalini Agrawal tendered her resignation as the Company Secretary of the Company w.e.f 14th August, 2023. The Board at its Meeting held on August 25, 2023 based on the recommendation of the Nomination, Remuneration & Compensation Committee approved the appointment of Ms. Stuti Maru, an Associate Member of the Institute of Company Secretaries of India as the Company Secretary and Compliance Officer of the Company w.e.f August 25, 2023.
- The Board at its Meeting held on September 15, 2023 based on the recommendation of the Nomination, Remuneration and Compensation Committee approved the appointment of Mr. Sanjay Suryakant Dighe as Chief Executive Officer of the Company w.e.f. September 15, 2023.
- The Board at its Meeting held on September 15, 2023 based on the recommendation of the Audit Committee and Nomination, Remuneration and Compensation Committee approved the appointment of Mr. Barun Dey as the Chief Financial Officer of the Company with effect from September 15, 2023.

Pursuant to the provisions of sub-section (51) of Section 2 and Section 203 of the Act read with the Rules framed thereunder, the following persons are the Key Managerial Personnel of the Company as on March 31, 2023:

Sr. No.	Name	Designation
1.	Mr. Sanjay Suryakant Dighe	Whole-time Director and Chief Executive Officer
2.	Mr. Barun Dey	Chief Financial Officer
3.	Ms. Stuti Maru	Company Secretary & Compliance Officer

Your Directors on the Board possess the requisite experience and competency.

All the Directors of the Company have confirmed that they satisfy the “fit and proper” criteria and are not disqualified from being appointed/continuing as Directors in terms of Section 164(2) of the Act. The declarations have been taken on record by the Nomination, Remuneration and Compensation Committee.

All the Directors and Senior Management of the Company will affirm compliance with the Code of Conduct for Board Members and Senior Management Personnel of the Company annually. All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware

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of any circumstance or situation which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence. The terms and conditions of appointment of Independent Directors are available on the website of the Company at [Krystal Integrated Services Limited \(krystal-group.com\)](http://Krystal Integrated Services Limited (krystal-group.com))

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered with the databank maintained by the Indian Institute of Corporate Affairs ("IICA"). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA, within a period of 2 (two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption. Mr. Vijay Kumar Agarwal and Dr. Dhanya Pattathil, Independent Directors of the Company have confirmed that they are exempt from the requirement to undertake the online proficiency self-assessment test. Professor Sunder Ram Govind Raghavan Korivi, Lt. Colonel Kaninika Thakur, Dr. Yajyoti Singh, Independent Directors of the Company are required to undertake the online proficiency self-assessment test.

Number of Meetings of the Board of Directors ("Board")

During the period under review, the Board of your Company met 19 times, details of which are given herein below:

1. 07.04.2022	2. 11.05.2022	3. 08.06.2022	4. 21.06.2022	5. 09.07.2022
6. 01.08.2022	7. 24.08.2022	8. 13.09.2022	9. 27.09.2022	10. 14.11.2022
11. 08.12.2022	12. 03.01.2023	13. 12.01.2023	14. 28.01.2023	15. 15.02.2023
16. 24.02.2023	17. 06.03.2023	18. 27.03.2023	19. 31.03.2023	

The Company is in compliance with the requirements of the Companies Act, 2013 and Secretarial Standards issued by The Institute of Company Secretaries of India. The intervening gap between the two meetings was within the limits as prescribed under the applicable provisions of the Companies Act, 2013. The details of attendance of each Director at the Board Meeting are as follows:

Name of the Director	DIN	Category	Number of Board Meetings		AGM last Attended
			Held	Attended	
Neeta Prasad Lad	01122234	Director	19	19	29.09.2022
Saily Prasad Lad	05336504	Director	19	19	29.09.2022
Shubham Prasad Lad	07557584	Director	19	19	29.09.2022
Pravin Ramesh Lad	01710743	Director	19	19	29.09.2022
Sanjay Suryakant Dighe	02042603	Director	19	19	29.09.2022

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Committees of the Board:

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for information or for approval, as required.

The constitution, role, composition and functioning of the Audit Committee, Nomination, Remuneration and Compensation Committee, CSR Committee, Risk Management Committee and Stakeholder Relationship Committee are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations.

Further, the Company has also constituted Tender Committee, Finance Committee and IPO Committee.

The Company Secretary is the Secretary of all the Committees. The Board of Directors and Committees also take decisions by resolutions passed through circulation which are noted by the Board/respective Committees of the Board at their next meetings. The Minutes of meetings of all Committees of the Board are circulated to the Board of Directors for noting. During the year under review, all recommendations received from its Committees were accepted by the Board.

Composition of Audit Committee

The Company has constituted an Audit Committee on August 25, 2023 in terms of the requirements of the Act and Regulation 18 of the SEBI Listing Regulations. The Committee comprises of the following:

Sr. No	Name of the Member	Designation	Status
1	Mr. Vijay Kumar Agarwal	Chairman	Non- Executive, Independent
2	Professor Sunder Ram Govind Raghavan Korivi	Member	Non- Executive, Independent
3	Mr. Sanjay Suryakant Dighe	Member	Executive, Whole-time Director

The Committee is vested with necessary powers, as per its Terms of Reference duly approved by the Board.

Vigil mechanism / whistle blower policy for directors and employees

The Company has established a Vigil Mechanism, which includes a Whistle Blower Policy, for its Directors and Employees, to provide a framework to facilitate responsible and secure reporting of concerns of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The details of establishment of Vigil Mechanism/ Whistle Blower Policy are posted on the website of the Company <https://krystal-group.com/> and the weblink to the same at [https://investor - Krystal Group \(krystal-group.com\)](https://investor-krystal-group.com/).

Corporate Social Responsibility (CSR)

During the year under review, the Company has partnered with credible agencies like Mi Mumbai Abhiyan Abhiman Pratishtha, Anthyodaya Pratishthan and Shree Mahalaxmi Tirupati Education Society for implementing socially responsible projects in the areas of Education as part of its initiatives under CSR. The Company has undertaken the CSR activities and complied with the provisions of Section 135 of the Companies Act, 2013 ("Act"). The CSR activities/projects undertaken by your Company are in accordance with Schedule

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VII of the Act and based on approved CSR policy and Annual Action Plan, which are available on Company's website: [Krystal Integrated Services Limited \(krystal-group.com\)](http://Krystal Integrated Services Limited (krystal-group.com))

The Company's CSR activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas and continuous monitoring of the CSR activities.

The Committee was re-constituted on August 25, 2023 and the Composition of the Committee is as under:

Members	Category	Status
Ms. Neeta Prasad Lad	Chairperson	Executive, Managing Director
Dr. Yajyoti Digvijay Singh	Member	Non- Executive, Independent
Mr. Sanjay Suryakant Dighe	Member	Executive, Whole- time Director

The CSR Committee has been entrusted with the prime responsibility of implementation of the activities under the CSR policy. The Committee recommends the activities to be undertaken under the policy and amount to be spent on such CSR activities to the Board.

During the year under review, as per Section 135 of the Act, your Company was required to spend an amount of INR 7.06 Million equivalent to 2% of the 'average net profits' of the last three (3) financial years. During the year under review, your Company has spent the entire amount on CSR activities. The CSR initiatives undertaken by your Company along with other CSR related details form part of the Annual Report on CSR activities for FY 2022-23, which is annexed as **Annexure -2**.

Risk Management

The Company has constituted a Risk Management Committee ("RMC") on August 25, 2023 in terms of the requirements of Regulation 21 of the SEBI Listing Regulations and also adopted a risk management policy.

The Composition of the Committee is as under:

Sr. No	Name of the Member	Designation	Status
1	Mr. Vijay Kumar Agarwal	Chairman	Non- Executive, Independent
2	Lieutenant Colonel Kaninika Thakur	Member	Non- Executive, Independent
3	Mr. Sanjay Suryakant Dighe	Member	Executive, Whole-time Director

The Committee is vested with necessary powers, as per its Terms of Reference duly approved by the Board.

The Risk Management Committee of the Board of Directors of the Company reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyses risk exposures related to specific issues and provides oversight of risk across the Company. The Risk Management process of the Company is governed by the Risk Management Policy which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework.

Nomination and Remuneration Committee and Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

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The Company has re-constituted a Nomination, Remuneration and Compensation Committee on August 25, 2023 with the following members:

Sr. No	Name of the Member	Designation	Status
1	Lieutenant Colonel Kaninika Thakur	Chairperson	Non- Executive, Independent
2	Dr. Yajyoti Digvijay Singh	Member	Non- Executive, Independent
3	Dr. Dhanya Pattathil	Member	Non- Executive , Independent

The Committee is vested with necessary powers, as per its Terms of Reference duly approved by the Board.

The Board of Directors has adopted a Nomination and Remuneration Policy on September 15, 2023 in terms of the provisions of sub-section (3) of Section 178 of the Act and SEBI Listing Regulations dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The said Policy is annexed to this Report as **Annexure 3** and is also available on the Company's website i.e. [Krystal Integrated Services Limited \(krystal-group.com\)](http://Krystal Integrated Services Limited (krystal-group.com))

Stakeholders Relationship Committee

As required under the provisions of Regulation 20 of SEBI Listing Regulations, the Board of Directors of the Company on August 25, 2023 constituted the Stakeholder's Relationship Committee and the details of composition of the Committee are given herein below:

Sr. No	Name of the Member	Designation	Status
1	Professor Sunder Ram Govind Raghavan Korivi	Chairman	Non- Executive, Independent
2	Dr. Dhanya Pattathil	Member	Non- Executive, Independent
3	Mr. Sanjay Suryakant Dighe	Member	Executive, Whole-time Director

The Committee is vested with necessary powers, as per its Terms of Reference duly approved by the Board.

Name and designation of the compliance officer:

Ms. Stuti Maru, Company Secretary and Compliance Officer of the Company, is the Compliance Officer / Investor Relations Officer, who deals with matters pertaining to Shareholders' grievances.

Directors' Responsibility Statement

Pursuant to the provisions of Sections 134(3)(c) and 134(5) of the Companies Act, 2013 and based on the information provided by the management, the Board of Directors of the Company, to the best of their knowledge and belief, confirm that:

- in the preparation of the annual accounts for the period commencing from April 01, 2022 to March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the Directors have selected such accounting policies and applied them consistently and made judgments

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and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the period under review and of the profit and loss of the Company for that period;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Familiarisation Programme

The Company has adopted a Policy on Familiarisation Programme on September 15, 2023. The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details relating to the familiarization programme are available on the website of the Company at [Krystal Integrated Services Private Limited \(krystal-group.com\)](http://Krystal Integrated Services Private Limited (krystal-group.com))

Board Evaluation

The Company has adopted a Board Evaluation Policy on September 15, 2023. Evaluation of performance of all Directors would be undertaken annually. The Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and the Non-Executive Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects. The performance of the Executive Director would be evaluated on the basis of achievement of their Key Result Area. The Board of Directors has expressed their satisfaction with the evaluation process.

Statutory Audit & Statutory Auditors

M/s. T. R. Chadha & Co LLP, Chartered Accountants (Firm Registration No. 006711N/ N500028) were appointed as Statutory Auditors of the Company to hold office from the conclusion of 20th Annual General Meeting until the conclusion of the 24th Annual General Meeting to be held in the calendar year 2024-25, at such remuneration, as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

The Auditors' Report "with an unmodified opinion", given by the Statutory Auditors on the Financial Statements of the Company for FY 2022-23, is disclosed in the Financial Statements forming part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Statutory Auditors in their Report and the same does not call for any further comments. The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

In addition to the above, there have not been any frauds reported by the Auditors of the Company under Section 143(12) of the Act.

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Particulars of loans given, investments made, Guarantees given, or Security provided by the Company

The loans given, investments made and guarantees given and securities provided during the year under review, are in compliance with the provisions of the Section 186 of the Act and Rules made thereunder and details thereof are given in the notes to the Standalone Financial Statements.

Related Party Transactions:

During the year under review, all contracts/arrangements/transactions entered into by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis. There were no material related party transactions by the Company during the year.

Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable. Systems are in place for obtaining prior omnibus approval of the Audit Committee on an annual basis for transactions with related parties which are of a foreseeable and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all transactions with related parties would be placed before the Audit Committee for their review on a periodic basis. Policy on Related Party Transactions is annexed as **Annexure 4** to the Report.

Particulars of Employees

In terms of the requirements of sub-section (12) of Section 197 of the Act read with sub-rule (1) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, the disclosures pertaining to the remuneration and other details, are annexed to this Report as **Annexure 5**.

The statement containing names and other details of the employees as required under sub-section 12 of Section 197 of the Act read with sub-rules (2) & (3) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of the Annual Report. In terms of sub-section (1) of Section 136 of the Act, the Annual Report is being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information is open for inspection and any Member interested in obtaining a copy of the same may write to the Company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A 'Prevention of Sexual Harassment' Policy, which is in line with the statutory requirements, along with a structured reporting and redressal mechanism, including the constitution of Internal Complaints Committee in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention,

Prohibition and Redressal) Act, 2013 ("the POSH Act"), is in place. During FY 2022-23, there were no complaints received under the provisions of the POSH Act.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

- a) The provisions of Section 134(3)(m) of the Act and the rules made there under relating to conservation of energy and technology absorption do not apply to your Company as it is not a manufacturing Company.
- b) Foreign Exchange Earnings during the year under review was INR Nil and previous year were INR Nil and Foreign Exchange Outgo during the year under review was Nil and previous year was Nil.

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Details of grievances, significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future. Further, no penalties have been levied by any regulator during the year under review.

Names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year

During the year under review, no company became/ceased to be a Subsidiary, Joint Venture, Associate Company of the Company.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements

The Company has established a system of internal controls and business processes, comprising of policies and procedures, with regards to efficiency of operations, financial reporting and compliance with applicable laws and regulations etc. commensurate with its size and nature of the business. Regular checks are undertaken to ensure that systems and processes are followed effectively, and systems & procedures are periodically reviewed to keep pace with the growing size and complexity of your Company's operations. Company also has a well-defined process for an on-going management reporting and periodic review of operations to ensure effective decision-making. During the year under review, proper internal financial controls were in place and the financial controls were adequate and were operating effectively.

Annual Return

As required under the provisions of Sections 134(3) (a) and Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in prescribed form MGT 7 has been placed on the website of the Company at [Krystal Integrated Services Limited \(krystal-group.com\)](http://Krystal Integrated Services Limited (krystal-group.com))

Managing Director and Chief Financial Officer Certificate

In terms of the SEBI Listing Regulations the certificate, as prescribed in Part B of Schedule II of the Listing Regulations, has been obtained from Managing Director & CEO and Group Chief Financial Officer, for the Financial Year 2022-23 with regard to the Financial Statements and other matters.

Secretarial Standards and Compliance

During the year under review, the Company has complied with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings and General Meetings.

Other Disclosures

The Directors state that no disclosures or reporting is required in respect of the following items, as the same is either not applicable to the Company or relevant transactions/events have not taken place during the year under review:

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- a) The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
- b) The Company has not issued shares (including sweat equity shares) to employees under any scheme.
- c) There was no revision in the financial statements.
- d) There has been no change in the nature of business of the Company as on the date of this report.
- e) The Managing Director of the Company did not receive any remuneration or commission from any of its subsidiaries.
- f) The Company has not obtained any registration / license / authorisation, by whatever name called from any other financial sector regulators
- g) There have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.
- h) There are no proceedings, pending under the Insolvency and Bankruptcy Code, 2016 corporate insolvency resolution for the end of financial year March 31, 2023.
- i) There was no instance of one-time settlement with any Bank or Financial Institution.

Acknowledgements / Appreciations

The Directors express their sincere gratitude to Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions, and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels.

For and on behalf of the Board of Directors

Neeta Prasad Lad
Chairperson & Managing Director
DIN: 01122234



Sanjay Suryakant Dighe
CEO & Whole-time Director
DIN: 02042603

Date: September 27, 2023

Place: Mumbai

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Annexure 2 Annual Report on CSR Activities of the Company

1. Brief outline on CSR Policy of the Company:

The CSR Policy of the Company includes the activities that can be undertaken by the Company for its CSR activities, composition of CSR Committee, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities / project.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Neeta Prasad Lad	Member & Chairperson	2	2
2	Dr. Yajyoti Digvijay Singh	Member	2	0
3	Mr. Sanjay Suryakant Dighe	Member	2	2

Note: CSR committee has been re-constituted on 25th August, 2023

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://krystal-group.com/investor/>
4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable – **Not applicable**
5.
 - a. Average net profit of the company as per sub-section (5) of Section 135 – **INR 35,28,05,997**
 - b. Two percent of average net profit of the company as per subsection (5) of Section 135: **INR 70,56,120**
 - c. Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **Nil**
 - d. Amount required to be set off for the financial year, if any: **Nil**
 - e. Total CSR obligation for the financial year (b+c-d): **INR 70,56,120**
6.
 - a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) : **INR 92,30,000**
 - b. Amount spent in Administrative Overheads : **Nil**
 - c. Amount spent on Impact Assessment, if applicable: **Not Applicable**

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d. Total amount spent for the Financial Year [(a)+(b)+(c)]: INR 92,30,000

e. CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
92,30,000	Nil	Nil	Nil	Nil	Nil

f. Excess amount for set-off, if any:

Sr. No	Particular	Amount (In Rs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	70,56,120
(ii)	Total amount spent for the Financial Year	92,30,000
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	21,73,880
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	21,73,880

7. Details of Unspent Corporate Social Responsibility Committee amount for the preceding three financial years –

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub section (6) of section 135 (in Rs.)	Amount spent in the Financial Year (in Rs)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding financial years (in Rs.)	Deficiency, if any
					Amount (in Rs)	Date of transfer		
1.	FY'20	NA	Nil		NA	NA	Nil	Nil
2.	FY'21	NA	Nil		NA	NA	Nil	Nil

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3.	FY'22	NA	Nil		NA	NA	Nil	Nil
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8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created / acquired – Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					(1)	(2)	(3)
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135) – Not Applicable

For and on behalf of the Board of Directors

Neeta Prasad Lad 		Sanjay Suryakant Dighe 	
Chairperson & Managing Director of CSR Committee		CEO & Whole-time Director	
DIN: 01122234		DIN: 02042603	

Place: Mumbai

Date: September 27, 2023

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Annexure 3

Krystal Integrated Services Limited

Nomination and Remuneration Policy

Introduction

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, in order to appoint and pay equitable remuneration to Directors, KMPs, SMPs and other employees of the Company.

Legal framework and Objectives

Section 178 of the Companies Act, 2013 ("Act") read with the applicable Rules thereto, provisions of Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('SEBI Listing Regulations') read with Part D of Schedule II of SEBI Listing Regulations (together referred to as "Applicable Laws") require the Nomination and Remuneration Committee ("NRC" or the "Committee") of the Board of Directors of every listed company, among other classes of companies, to:

1. Identify persons who are qualified to become directors and who may be appointed in a KMP or SMP role in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
2. Formulate the criteria for determining qualifications, positive attributes and independence of a director;
3. Devising a policy on diversity of board of directors;
4. Specify the manner and criteria for effective evaluation of the performance of the Board, its committees and individual directors. Basis the performance evaluation results of independent directors, decide whether to extend or continue their term of appointment or not;
5. Recommend to the Board of Directors a policy relating to the remuneration of the Directors, KMPs and other employees including SMPs;
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Constitution of the Nomination, Remuneration and Compensation Committee:

The Board has constituted the Nomination, Remuneration and Compensation Committee (NRC) on August 19, 2023 as per Companies Act, 2013 and SEBI Listing Regulations.

Definitions

'Board' means Board of Directors of the Company.

'Directors' means Directors of the Company

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‘Committee’ means Nomination, Remuneration and Compensation Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act and applicable SEBI Listing Regulations.

‘Company’ means Krystal Integrated Services Limited

‘Independent Director’ means a Director referred to in Section 149(6) Act and rules and SEBI Listing Regulations

“Key Managerial Personnel” or “KMP” means

1. the chief executive officer or the managing director or the manager;
2. the company secretary;
3. the whole-time director;
4. the chief financial officer
5. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
6. such other officer as may be prescribed

“Policy” means the Nomination and Remuneration Policy

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by them and includes perquisites as defined under the Income- Tax Act, 1961

“SEBI Regulations” means the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time

“Senior Management” or “Senior Management Personnel” or “SMP” means officers/personnel of the Company that includes;

- i. Key Managerial Personnel
- ii. One level below the Chief Executive Officer and Managing Director who are members of the core management and functional heads
- iii. Any other officer as determined by the NRC and the Board from time to time.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act and Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein

General

This Policy is divided in three parts: -

- Part – A covers the matters to be dealt with and recommended by the Committee to the Board;
- Part – B covers the appointment and removal of Directors, KMP and Senior Management; and
- Part – C covers remuneration for Directors, KMP and Senior Management

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Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination, Remuneration and Compensation Committee (“NRC”)

The following matters shall be dealt with by the Committee: -

(a) Size and composition of the Board:

Periodically reviewing the size and composition of the Board to have an appropriate mix of executive, non-executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company.

(b) Directors:

Formulate the criteria determining qualifications, positive attributes of a Director and recommend candidates to the Board when circumstances warrant the appointment of a new Director, having regard to qualifications, integrity, expertise and experience for the position.

(c) Board Diversity

NRC shall ensure a transparent nomination process to the Board of Directors with the diversity of gender, thought, experience, qualification, knowledge, core skills, competencies, and perspective in the Board.

Diversity at the Board level shall be used as a tool for supporting the attainment of the strategic objectives of the Company and also to drive business results. Accordingly, while designing the composition of the Board, diversity shall be considered on all aspects and all appointments shall be based on the above parameters.

(d) Succession plans:

Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

(e) Evaluation of performance:

- i Make recommendations to the Board on appropriate performance criteria for the Directors.
- ii Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company or engage with a third-party facilitator in doing so.
- iii Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the business, the industry and their legal responsibilities and duties.

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(f) Familiarization

Identifying familiarization and training programs for the Board to ensure that Non-Executive Directors are provided adequate information regarding the operations of the business, the industry and their duties and legal responsibilities

(g) Remuneration framework and policies

The Committee is responsible for reviewing and making recommendations to the Board on:

1. Remuneration of whole-time Directors to be presented for shareholders' approval including severance, if any.
2. Individual and total remuneration of non-executive Directors including any additional fees payable for membership of Board committees;
3. The remuneration and remuneration policies for KMP and Senior Management including base pay, incentive payments, equity awards, retirement rights, severance pay if any and service contracts having regard to the need to:
 - a. attract and motivate talent to pursue the Company's long-term growth;
 - b. demonstrate a clear relationship between executive compensation and performance;
 - c. be reasonable and fair, having regard to best governance practices and legal requirements and
 - d. balance between fixed and incentive pay reflecting short and long-term performance objectives as appropriate for the Company and its goals
4. the Company's incentive compensation and equity-based plans including a consideration of performance thresholds and regulatory and market requirements.

PART – B

Policy for appointment and removal of Directors, KMP and Senior Management

(a) Appointment criteria and qualifications

- 1) The Committee shall ascertain the integrity, qualification, expertise and experience of the person identified for appointment as Director, KMP or Senior Management and recommend to the Board his/her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position.
- 2) A person to be appointed as Director, KMP or Senior Management should possess adequate qualification, expertise and experience for the position he/she is considered for.
- 3) A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors/areas relevant to the Company, ability to contribute to the Company's growth and complementary skills in relation to the other Board members.

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- 4) For every appointment of an Independent Director, the NRC shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended for such role shall meet the description.
- 5) For the purpose of identifying suitable candidates, the Committee may;
 - i. use the services of an external agencies, if required
 - ii. consider candidates from a wide range of backgrounds, having due regard to diversity and
 - iii. consider the time commitments of the candidates
- 6) The Company shall appoint or continue the employment of a person as Managing Director/Whole - time Director and Non-Executive Director who has not attained the maximum age of retirement as prescribed under relevant laws.
- 7) A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.
- 8) The Company shall not appoint any resigning independent director, as whole-time director, unless a period of one year has elapsed from the date of resignation as an independent director.

(b) Term / Tenure

1) Managing Director / Whole-time Director

Term of appointment or re-appointment of Managing Director or CEO not to exceed five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2) Non-Executive Director

Non-executive director's office is subject to retirement by rotation at the Annual general meeting in the manner as specified under relevant laws.

3) Independent Director

An Independent Director shall hold office on the Board of the Company for a term as may be determined by the Board but in any case, not exceeding five years and shall not hold office for more than two consecutive terms. Such Independent Director shall be eligible for appointment after the expiry of such period as prescribed under the applicable law.

(c) Removal

Due to reasons for any disqualification mentioned in the Act and rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board

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with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

(d) Retirement

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the relevant laws. The Board will have the discretion to retain the Directors, KMP and Senior Management in the same position/remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company, subject to approvals as required under the relevant laws.

PART – C

Policy relating to the remuneration for Managing Director / CEO, Non-Executive Directors, KMPs and Senior Management

Managing Director / CEO

- i The remuneration to be paid to the MD/CEO at the time of his/her appointment shall be recommended by the NRC and approved by the Board of Directors and the shareholders of the Company.
- ii Annual increment/subsequent variation in remuneration to the MD/CEO shall be approved by the NRC/Board of Directors, within the overall limits approved by the shareholders of the Company.

NEDs:

- i NEDs shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the Meeting of the Board and sub-Committees of the Board.
- ii Remuneration (including Commission) as may be recommended by NRC and subsequently approved by the Board of Directors and shareholders of the Company, wherever required, and the same shall be paid in accordance with the applicable laws.
- iii The NEDs shall be eligible for remuneration of professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services in accordance with applicable laws.

KMP & SMP:

- i The remuneration to be paid to the KMP and SMP, at the time of his/her appointment shall be recommended by the NRC and approved by the Board considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions. The remuneration may be combination of fixed and variable pay.
- ii Annual increment /subsequent variation in remuneration to the KMP/SMP shall be approved by the NRC/Board of Directors.

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Director and Officer Liability Insurance:

Where Insurance Policy is taken by the Company for its Directors, KMP, SMP and employees indemnifying them against any liability, the premium paid by the Company for such insurance cover shall not be treated as part of the remuneration payable to such personnel. However, if such person is proved to be guilty, the premium paid on such insurance shall be recovered from such persons.

Policy review:

(a) This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of SEBI Listing Regulations, as amended from time to time

(b) In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

(c) This policy shall be reviewed by the Nomination, Remuneration and Compensation Committee, periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for their approval.

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Annexure 4

Krystal Integrated Services Limited

Policy on Related Party Transactions

1. Introduction

The Board of Directors (the "Board") of Krystal Integrated Services Limited (the "Company"), has adopted the following policy and procedures with regard to Related Party Transactions as defined below. The Audit Committee will review this policy from time to time and suggest amendments to the Board for its approval. This policy will be applicable to the Company. This policy is to regulate transactions between the Company and its Related Parties based on the laws and regulations applicable to the Company.

2. Purpose

This policy is framed in compliance with the provisions of Regulation 23 and other applicable provisions, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations') and Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules 2014, as amended or re-promulgated and in force from time to time (collectively referred to as 'Applicable regulatory provisions'). The Policy is intended to ensure the proper approval and reporting of all Related Party Transactions as required by the applicable regulatory provisions.

3. Definitions

"Act" means the Companies Act, 2013.

"Audit Committee" means the Audit Committee of the Company constituted under provisions of the Regulations and Companies Act, 2013 and known as the Audit Committee.

"Board" means Board of Directors of the Company.

"Key Managerial Personnel" shall have the meaning as defined in section 2(51) of the Companies Act, 2013, as per which, the term, at present, means:

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer;
- (v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and (vi) such other officer as may be prescribed.

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“Material Related Party Transaction” shall have the meaning as defined in the applicable regulatory provisions. Without prejudice to the foregoing, at present, as per the explanation to Regulation 23(1) of the Regulations, this term means a transaction with a related party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

A transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

“Policy” means this Policy on Related Party Transactions.

“Relative” means a relative as defined under Section 2(77) the Companies Act, 2013 and Companies (Specification of definitions details) Rules, 2014 and includes anyone who is related to another, if –

- i. They are members of a Hindu undivided family;
- ii. They are husband and wife; or
- iii. Father (including step-father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son’s wife
- vii. Daughter
- viii. Daughter’s husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

“Related Party” means a related party as defined in section 2(76) of the Act and Regulation 2(1)(zb) of the Regulations. Without prejudice to the foregoing, at present, as per the Act and the Regulations, ‘related party’ has the following meaning:

A. Section 2(76) of the Act read with Rule 3 of the Companies (Specification of Definition Details) Rules, 2014, defines the term Related Party as follows:

- (i) a director or his relative;
- (ii) key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;

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- (vi) any body corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
 - (vii) any person on whose advice, directions or instructions a director or manager is accustomed to act:
Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;
 - (viii) any body corporate which is –
 - (A) a holding, subsidiary or an associate company of the Company; or
 - (B) a subsidiary of a holding company, to which it is also a subsidiary; or
 - (C) an investing company or the venturer of the Company
- Explanation – For the purpose of this clause “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
- (ix) Director (other than an Independent Director) or key managerial personnel of the Company’s holding company (if any) or his relative;

B. Regulation 2(1)(zb) of the Regulations defines the term Related Party as follows:

“Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards;

Provided that:

- a) any person or entity forming a part of the promoter or promoter group of the listed entity; or
- b) any person or any entity, holding equity shares:
 - (i) of twenty per cent or more; or
 - (ii) of ten per cent or more, with effect from April 1, 2023; in the listed entity either directly or on a beneficial interest basis as provided under section 89 of the Act, at any time, during the immediate preceding financial year;

shall be deemed to be a related party;

Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s).

C. For the purpose of Regulation 2(1)(zb) of the Regulations, Indian Accounting Standard 24 defines the term Related Party as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements in this Standard referred to as the ‘reporting entity’ as follows:

- a. A person or a close member of that person’s family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

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- b. An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

For the purpose of this Policy, the term 'reporting entity' shall cover the Company and its subsidiaries which prepares its financial statements as per the Indian Accounting Standards.

The term Related Party for the purpose of this Policy shall be interpreted accordingly.

"Related Party Transaction" refers to those transactions that are covered under the scope of Section 188 of the Act and Regulation 2(1)(zc) of the Regulations, except those Related Party Transactions (described below) which are:

- Excluded under the Regulations
- Exempt under the Act
- Exempt under the Regulations
- Other Exclusions under the Policy

A. Related Party Transactions that are covered under Section 188 of the Act are as follows:

- (i) sale, purchase or supply of any goods or materials;
- (ii) selling or otherwise disposing off or buying property of any kind;
- (iii) leasing of property of any kind;
- (iv) availing or rendering of any services;
- (v) appointment of any agent for purchase or sale of goods, materials, services or property;
- (vi) related party's appointment to any office or place of profit in the company, its subsidiary or associate company;
- (vii) underwriting the subscription of any securities or derivatives thereof of the Company

B. In terms of Regulation 2(1)(zc) of the Regulations, a Related Party Transaction means a transaction involving a transfer of resources, services or obligations between:

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- (i) A listed entity (i.e. the Company) or any of its subsidiaries on one hand and a related party of the Company or any of its subsidiaries on the other hand; or
- (ii) The Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, with effect from April 1, 2023; regardless of whether a price is charged.

The term 'transaction' with a related party includes a single transaction or a group of transactions in a contract.

"Related Party Transactions which are Excluded/Exempt"

- A. Exclusions under the Regulations (i.e. transactions that shall not be treated as Related Party Transactions):
 - a. the issue of specified securities on a preferential basis under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - b. Following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
 - payment of dividend;
 - subdivision or consolidation of securities;
 - issuance of securities by way of a rights issue or a bonus issue; and
 - buy-back of securities.
 - c. acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same as per the Regulations.
- B. Exempt under the Act (i.e. those Related Party Transactions which fulfil the following two criteria and which are exempt from the requirements of Board and Shareholder approvals):
 - a. Such transaction is undertaken in the ordinary course of business; and
 - b. Such transaction is undertaken on an arm's length basis (i.e. the transaction is conducted between the related parties as if they were unrelated, so that there is no conflict of interest);
- C. Exempt under the Regulations (i.e. those Related Party Transactions which are exempt from the requirements of prior Audit Committee and Shareholder approvals):
 - a. Transactions between the Company and its wholly-owned subsidiary, whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval;
 - b. Transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval;
 - c. Transactions between two Government Companies (not applicable to the Company).

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“Ordinary course of business” includes those activities carried out in the normal course of business practice, or which have been undertaken historically or frequently as commercial practice or activities related to the business or come within the ambit of business as envisaged in the Memorandum of Association, as amended from time to time, of the Company and its subsidiaries.

“Material Modification” means modification to a Related Party Transaction which would change the nature of the transaction and in case monetary thresholds are applicable, which has the effect of change in the value involved, by 25% of the originally approved Related Party Transaction.

Words in this policy which are not included in the Definition Clause shall have the same meaning as defined in the applicable regulatory provisions. Also, in case of a conflict between the terms defined hereinabove and the definition thereof in the applicable regulatory provisions, the definitions in the applicable regulatory provisions shall prevail.

4. Policy

4.1 Disclosure by Directors and Key Managerial Personnel of interests or potential interests in any Related Party Transaction

Each Director and Key Managerial Personnel shall disclose to the Audit Committee, any interest that he/she or his/her Relative or any entity in which he/she may be concerned or interested, may have in a transaction or proposed transaction by the Company and its subsidiaries, wherever applicable, that is or is likely to be a Related Party Transaction.

4.2 Review and Approval of Related Party Transactions

This Policy sets out the requisite authorizations for Related Party Transactions in line with applicable regulatory provisions and the provisions for review thereof.

In line with applicable regulatory provisions, the approvals from the below governing bodies are required prior to undertaking the Related Party Transaction:

Audit Committee	Board	Shareholders
<ul style="list-style-type: none">➤ All RPT undertaken by the Company;➤ RPT undertaken by a subsidiary, where the Company is not a party if the value of RPT is:<ul style="list-style-type: none">> 10% of consolidated turnover as per last audited financial statements of the Company;> 10% of standalone turnover as per last audited financial statements of the subsidiary [w.e.f. April 1, 2023]	<ul style="list-style-type: none">➤ Specified RPT u/s 188 of the Act which are not in ordinary course of business or not at arm's length;➤ RPT requiring Shareholders' approval;	<ul style="list-style-type: none">➤ All material RPTs➤ RPT not in ordinary course of business or not at arm's length basis and crossing threshold limits as prescribed u/s 188 of the Act and the Rules thereunder;➤ RPT for brand usage or royalty if value exceeds 5% of annual consolidated turnover as per last audited financial statements of the Company;

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➤ Subsequent Modifications to the above RPT;	Material		➤ Subsequent Modifications to RPT	Material
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1. Only members of the Audit Committee who are Independent Directors shall approve RPT;
2. No related party shall vote to approve relevant shareholders' resolutions irrespective of whether the entity is a related party to the particular transaction or not;
3. Audit Committee shall annually review/approve all the RPTs including Related Party Transactions exempt under the Act and Related Party Transactions exempt under the Regulations.

4.3 Criteria for approving Related Party Transactions

- (i) The Audit Committee (and where applicable, the Board) shall consider, inter alia, the following criteria, while approving Related Party Transactions:
 - a. Whether the Transaction covered by the Related Party Transaction is in the ordinary course of business of the Company/ subsidiary and/or is required for the business of the Company/ subsidiary or is otherwise beneficial to the Company/ subsidiary;
 - b. Whether the Related Party Transaction is on an arm's length basis. For determining arm's length basis, criteria that the Audit Committee / Board may deem fit shall be considered.
 - c. Whether the Related Party Transaction is reasonable and in the interest of the Company/ subsidiary
- (ii) Only those members of the Audit Committee who are independent directors shall approve all Related Party Transactions.

4.4 Omnibus Approval of Related Party Transactions by Audit Committee

In accordance with the enabling provisions of Regulation 23(3) of the Regulations, the Audit Committee may grant omnibus approval to Related Party Transactions, which are proposed to be entered into by the Company or any of its subsidiaries (in cases where applicable), subject to compliance with the conditions specified therein, which are as follows:

- a) The Audit Committee shall lay down the criteria for granting such omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature;
- b) The Audit Committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the Company/subsidiary;
- c) Such omnibus approval shall specify the following:
 - i. the names of the Related Party;
 - ii. the nature of the transaction, period of transaction and the maximum amount for which the transaction can be entered into;
 - iii. the indicative base price/current contracted price and the formula for variation in the price if any; and
 - iv. such other conditions as the Audit Committee may deem fit;

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Provided however that where the need for the Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction and subject to such overall limit as may be approved by the Audit Committee from time to time;

- d) The Audit Committee shall review, at least on a quarterly basis, the details of the Related Party Transaction entered into pursuant to each of the omnibus approval so given;
- e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. For the purpose of this condition, reference to 'year' shall be to the financial year of the Company and the validity of such omnibus approval granted during any financial year shall be up to the end of that financial year or up to the date of the fresh approval, if any, granted by the Audit Committee in the immediately following financial year, which shall not be later than May 31, whichever is later;

Proviso to Section 177(4) of the Companies Act, 2013 also provides for omnibus approval for proposed related party transactions.

5. Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, revision or termination of the Related Party Transaction.

The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy, and shall take any such action it deems appropriate. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

6. Disclosures

The Company shall comply with such disclosure requirements relating to this Policy as may be stipulated under Applicable regulatory provisions. This Policy shall be uploaded on the website of the Company at <https://krystal-group.com> and a web link thereto shall be provided in the section on corporate governance in the Annual Report.

7. Review of the Policy

The Board shall review this policy at least once in every three years on the basis of recommendations made by the Audit Committee.

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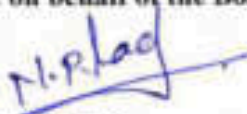
Annexure 5

Krystal Integrated Services Limited


Details pertaining to employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Details	
		Name	Percentage
1.	The ratio of the remuneration of each Director to the median employee's remuneration for the financial year 2022-23	Ms. Neeta Prasad Lad	62.38
		Mr. Sanjay Suryakant Dighe	30.27
		Mr. Pravin Ramesh Lad	23.49
		Mr. Shubham Prasad Lad	12.28
		Ms. Saily Prasad Lad	4.14
		Ms. Shalini Agarwal	0.88
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2022-23	Ms. Neeta Prasad Lad	25.00%
		Mr. Sanjay Suryakant Dighe	22.44%
		Mr. Pravin Ramesh Lad	26.56%
		Mr. Shubham Prasad Lad	160.00%
		Ms. Saily Prasad Lad	25.10%
		Ms. Shalini Agarwal	9.27%
3.	The percentage increase in the median remuneration of employees in the financial year 2022-23	13%	
4.	The number of permanent employees on the roll of company as on March 31, 2023	299	
5.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average increase in the salary of the employees during the Financial Year 2022-23 was 12% to 13% as against 22% in the salary of Managerial Personnel as defined under the Act. The increment given to each employee is based on employees experience, performance, potential and contribution towards company's growth over a period of time and also benchmarked against industry standards.	
6.	Affirmation that the remuneration is as per the remuneration policy of the company	We hereby confirm that the remuneration is as per the remuneration policy adopted by the Company.	

For and on behalf of the Board of Directors


Neeta Prasad Lad
Chairperson & Managing Director
DIN: 01122234




Sanjay Suryakant Dighe
CEO & Whole-time Director
DIN: 02042603



Place: Mumbai

Date: September 27, 2023