



CERTIFICATE ON FINANCIAL INDEBTEDNESS

March 4, 2024

To,

The Board of Directors,
Krystal Integrated Services Limited
Krystal House, 15A17 Shivaji Fort CHS,
Duncans Causeway Road,
Mumbai- 400 022

Inga Ventures Private Limited
1229, Hubtown Solaris, N.S. Phadke Marg,
Opp. Telli Galli, Andheri (East),
Mumbai 400 069

(Inga Ventures Private Limited is appointed in relation to the Offer is referred to as the “**Book Running Lead Manager**” or the “**BRLM**”)

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the “Equity Shares” and such offering, the “Offer”) of Krystal Integrated Services Limited (the “Company”)

In connection with the Offer, we T R Chadha & Co LLP, statutory auditors have been requested by the Company to certify the financial indebtedness of the Company as at January 31, 2024 as per Annexure A and B and C as prepared by the management of the Company and signed by us for identification purposes.

In this respect, we have performed the following procedures:

1. Obtained a summary of borrowings of the Company and its subsidiary company Krystal Gourmet Private Limited as at January 31, 2024, and verified it against the trial balance provided to us as on that date.
2. Verified balance confirmations received in respect of cash credit accounts from certain lenders as at January 31, 2024.
3. Verified sanction letters for sanctioned amounts stated in Annexure, and found it to be in agreement.
4. Verified the financial statements of the Company and its subsidiaries for disclosure of guarantees in contingent liabilities.
5. Recomputed the mathematical accuracy of Annexure and found it to be correct.
6. Enquired with management in relation to issuance / receipt of guarantees;
7. Obtained management representation from the Company.



On the basis of such verification and according to information and explanation given to us, we confirm the following:

The summary of the borrowings sanctioned to the Company and its subsidiary company Krystal Gourmet Private Limited and outstanding, as of January 31, 2024 is stated in **Annexure A**. Further, we confirm that as on date, except as stated in **Annexure A**, there are no other loans or facilities availed by the Company or its subsidiaries or any guarantee extended by the Company or its subsidiary company Krystal Gourmet Private Limited as per books of accounts.

Except as stated in **Annexure C**, the Company and its subsidiary company Krystal Gourmet Private Limited have not provided any guarantees for the repayment of any loans availed by other entities as on the date of this certificate as confirmed by the management.

Except as stated below, the promoters, promoter group and group companies have not provided any material guarantees with respect to the financial indebtedness of the Company and its subsidiaries as stated in Annexure A as on the date of this certificate.

In this respect, we have performed the following procedures:

1. Obtained details of guarantees provided by the promoters, promoter group and group companies with respect to the financial indebtedness of the Company and its subsidiary company Krystal Gourmet Private Limited as at January 31, 2024, and verified it with the sanction letters issued by the respective banks.
2. Verified the sanctioned amounts from the sanction letters issued by the respective banks.
3. Verified the outstanding amount from the books of accounts of the Company.
4. Enquired with management in relation to issuance / receipt of guarantees;
5. Obtained management representation from the Company.

| Name of the Promoter/Promoter Group/Group Company | Amount of guarantee as on January 31, 2024 (in ₹ millions) | Type of facility | Purpose of the loan | Bank in whose favour the guarantee has been provided | Date of Sanction | Sanctioned amount under the facility as on January 31, 2024 (in ₹ millions) | Outstanding amount under the facility as on January 31, 2024 (in ₹ millions) |
|--|--|-----------------------|------------------------------|--|-------------------|---|--|
| Prasad Minesh Lad, Krystal Family Holding Private Limited and Neeta Prasad Lad | 450.00 | Working Capital Limit | Working Capital requirements | State Bank of India | April 5, 2023 | 458.50 | 314.90 |
| Prasad Minesh Lad, Krystal Family Holdings Private Limited, Krystal Aviation Services Private Limited, Shubham Prasad Lad, Neeta Prasad Lad and Saily Prasad Lad | 750.00 | Working Capital Limit | Working Capital requirements | Union Bank of India | December 11, 2023 | 750.00 | 743.24 |
| Neeta Prasad Lad | 280.00 | Working Capital Limit | Working Capital requirements | Mumbai District Central Co- | March 13, 2023 | 280.00 | 278.77 |



| | | | | | | | |
|---|----------------|-----------------------------|--|---|---------------|---------------|----------------|
| Neeta Prasad Lad | 250.00 | Term Loan | For business purpose and expansion needs | Operative Bank Limited | May 6, 2019 | 250.00 | 118.75 |
| Shubham Prasad Lad and Neeta Prasad Lad | 20.00 | Working Capital Demand Loan | Working Capital requirements | Tata Capital Financial Services Limited | June 28, 2022 | 20.00 | 20.08 |
| Shubham Prasad Lad and Neeta Prasad Lad | 40.00 | Working Capital Term Loan | Working Capital requirements | | June 27, 2023 | 40.00 | 32.22 |
| Total | 1790.00 | - | | - | | 1798.5 | 1507.96 |

We confirm that the information above is true, fair, correct, accurate, and there is no untrue statement which would render the contents of this certificate misleading in its form or context.

We hereby confirm that while providing this certificate, we have complied with the Code of Ethics and the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the Institute of Chartered Accountants of India. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) issued by the Institute of Chartered Accountants of India ("ICAI") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate, we have complied with the Code of Ethics issued by the ICAI.

We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We hereby consent to the aforementioned details being included in the Offer Documents and submission of this certificate as may be necessary, to any regulatory authority and/or for the due diligence records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law.

This certificate may be relied on by the Company, BRLM and the legal counsel in relation to the Offer.

We undertake to update you in writing of any changes in the abovementioned position, on obtaining or becoming aware of any relevant information, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, the above information should be considered as updated information.

All capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Offer Documents.



Our Certificate is made solely to the Company's management and BRLMs for the purpose as set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This certificate relates only to the items specified above and does not extend to any financial statements of the Company, taken as a whole. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, BRLM and the Company's members as a body, for our work, for this certification.

Yours faithfully,

**For T R Chadha & Co LLP,
Chartered Accountants
Firm Registration Number: 006711N/N500028**

**ALKA
HINGE**

Digitally signed by ALKA HINGE
DN: c=IN, postalCode=400002, st=MAHARASHTRA,
street=MUMBAI, i=MUMBAI, o=Personal,
serialNumber=93a3a3d6cc081468a48d5427a7d
e657ac924df9309621fec5f8a388c5,
pseudonym=41c6f56c21074058b31a42e939e76e5d
2.5.4.20=7c2223d43cc45f8b91c44269c6614476f6
5216773d78228a888079486ba81.
email=ALKABALLAL@TRCHADHA.COM, cn=ALKA
HINGE
Date: 2024.03.04 08:23:09 +05'30'

**Alka Hinge
(Partner)
(Membership Number: 104574)
UDIN: 24104574BKASJT6993**

Place: Mumbai

Cc:

Legal Counsel to the Offer

IndusLaw
#1502B, 15th Floor, Tower -1C,
"One World Centre", Senapati Bapat Marg,
Lower Parel, Mumbai 400 013,
Maharashtra, India

ANNEXURE A

Summary of the borrowings sanctioned to the Company and its subsidiaries and outstanding as of
January 31, 2024

| Category of borrowing | Sanctioned Amount as on January 31, 2024 (₹ in million) | Outstanding amount as on January 31, 2024 (₹ in million) |
|---------------------------------------|---|---|
| Secured Borrowings | | |
| Working capital facilities | | |
| - Fund based | 820.00 | 798.94 |
| - Non-fund based | 688.50 | 630.50 |
| Term loans | 290.00 | 150.97 |
| Vehicle loans* | 24.10 | 16.84 |
| Total Secured Borrowings (A) | 1,822.60 | 1597.25 |
| Unsecured Borrowings | | |
| Intercorporate Loan** | 350.00 | 276.18 |
| Total Unsecured Borrowings (B) | 350.00 | 276.18 |
| Total (A + B) | 2,172.60 | 1,873.43 |

*Vehicle loan includes loan of Rs. 1.20 million availed by our subsidiary KGPL.

**Intercorporate Loan includes Loan given by KISPL to its subsidiary KGPL of Rs. 50.00 million and loan given to its subsidiary FFPL of Rs. 300.00 million.



The details of the borrowings sanctioned to the Company and its subsidiaries and outstanding, as of January 31, 2024

| Name of the Lender | Category of borrowing | Sanctioned Amount (Rs. In million) | Outstanding Amount as on 31.01.2024 (Rs. In million) | Collateral / Asset Charged |
|--|--------------------------|------------------------------------|--|---|
| State Bank of India OD | Cash Credit | 280.00 | 267.80 | 1. Flat No 1201, 12 th Floor Ventures Residency Plot No 38, 38A Sector 35D Village Kharghar Navi Mumbai- owned by Prasad Lad, value of Rs.1.27 crore 2. Residential Building Survey Nos- GAT No. 284/B situated at Apartment no 101, 1 st Floor, Building C, at Manas Prabha Project Igatpuri 3. Residential Building Survey Nos- 06-14 17-21 48-65 situated at Apartment no 002 ground floor "B" Building at Manas Prabha Project Igatpuri 4. Krystal House Barrak no 16, Shivaji Fort, plot no 15/17, Sion including mezannine floor 5. Flat No 1202 12th Floor Ventures Residency Plot No 38, 38A Sector 35D Village Kharghar Navi Mumbai Owned by Neeta Lad 6. Krystal House 15A, Shivaji Fort, Sion owned by Mr. Prasad Lad and Smt Neeta Lad, value of Rs.4.18 crore 7. FDR Rs. 26.00 million |
| State Bank of India SLC | Standby Letter of Credit | 40.00 | 39.05 | |
| State Bank of India SLC | Non-Fund | 138.50 | 129.50 | |
| Mumbai District Central Co-Op Bank Ltd | Cash Credit | 280.00 | 278.77 | 1. Stock and book debts 2. B-2001 Kohinoor Square 20 th Floor Shivaji Park Mumbai, Area: super build up with 10 Car Parking |
| Mumbai District Central Co-Op Bank Ltd | Term Loan | 250.00 | 118.75 | B-2001 Kohinoor Square 20 th Floor Shivaji Park Mumbai, Area: super build up with 10 Car Parking |



| | | | | |
|-------------------------------------|--------------|--------|--------|--|
| Tata Capital Financial Services Ltd | WCDL | 20.00 | 20.08 | FDR Rs. 5.00 million |
| Tata Capital Financial Services Ltd | WCTL | 40.00 | 32.22 | FDR of Rs. 4 million |
| Union Bank of India | Vehicle Loan | 8.38 | 6.70 | |
| Union Bank of India | Vehicle Loan | 3.40 | 3.06 | |
| Union Bank of India | Cash Credit | 200.00 | 193.24 | 1. Residential No.1202, 12 th Floor, Ventures Society, Plot No. 38 & 38A, Sector 35B, Village Kharghar, GES OWE Kharghar, Ganesh Mandir Road, Kharghar, Taluka Panvel, Dist Raigad -410210 |
| | Non-Fund | 550.00 | 501.00 | 2. Residential No.1201, 12 th Floor, Ventures Society, Plot No. 38 & 38A, Sector 35B, Village Kharghar, GES OWE Kharghar, Ganesh Mandir Road, Kharghar, Taluka Panvel, Dist Raigad -410210 3. Commercial Unit situated on plot No 15A, & 16 Barrack No. 15A & 16, Shivaji Fort CHSL, Krystal House, Duncans Causeway Road, IMPTS Scheme No. 6, Ward No. 19126 of Village Sion, Mumbai-400022 4. Residential Unit situated at Apt No, 002, Ground floor, Bldg B, Plot No. 6 to 14, 17 to 21 & 48 to 65 of GAT No. 284/B, Village Talegaon, Near Manas Resort, Mumbai Nashik Express way, Taluka Igatpuri, Dist Nashik-422402 |




| | | | | |
|---------------------|--------------|------|------|--|
| | | | | <p>5. Residential Unit situated at Apt No, 101, First floor, Bldg C, Plot No. 6 to 14, 17 to 21 & 48 to 65 of GAT No. 284/B, Village Talegaon, Near Manas Resort, Mumbai Nashik Express way, Taluka Igatpuri, Dist Nashik-422402</p> <p>7. B-2001 Kohinoor Square 20th Floor Shivaji Park Mumbai, Area : super build up with 10 Car Parking</p> <p>8. FDR amounting to Rs. 16.10 millions</p> |
| Axis Bank | Vehicle Loan | 2.80 | 1.01 | |
| HDFC Bank | Vehicle Loan | 0.70 | 0.26 | |
| HDFC Bank | Vehicle Loan | 0.50 | 0.20 | |
| HDFC Bank | Vehicle Loan | 0.50 | 0.20 | |
| HDFC Bank | Vehicle Loan | 3.60 | 2.06 | |
| ICICI Bank | Vehicle Loan | 1.51 | 1.33 | |
| ICICI Bank | Vehicle Loan | 1.51 | 1.33 | |
| Axis Bank – KGPL | Vehicle Loan | 0.44 | 0.03 | |



| | | | | |
|----------------------------|-------------------|--------|--------|--|
| Union Bank of India – KGPL | Vehicle Loan | 0.07 | 0.05 | |
| Union Bank of India - KGPL | Vehicle Loan | 0.69 | 0.61 | |
| Loan from KISPL to KGPL | Intercompany Loan | 50.00 | 33.95 | |
| Loan from KISPL to FFPL | Intercompany Loan | 300.00 | 242.23 | |




 Digitally signed by ALKA HINGE
 DN: cn=ALKA HINGE, postalCode=400002, st=MAHARASHTRA,
 street=MUMBAI, o=MUMBAI, ou=Personal,
 serialNumber=933326d9e0e0e7460a44d5427a70d5
 73e0504f906021fac0f93886c5,
 pseudonym=11c0f562107405f81a42a939b76e6d,
 23.8.201712223254544525f0f14d20969144766c21
 6773b7a2a2a58879486ca831
 email=ALKABALLU@KRYSDNA.COM, cn=ALKA
 HINGE
 Date: 2024.03.04 08:23:36 +05'30'

ANNEXURE B

Principal terms of the borrowings availed by the Company and its Subsidiaries are disclosed below:

1. **Interest:** In terms of the facilities availed by the Company and its Subsidiaries, the interest rate is typically the base rate of a specified lender and spread per annum, subject to a minimum interest rate. The spread varies between different facilities. The interest rate for the facilities typically varies from 8.21 % to 13.05 % per annum.
2. **Tenor:** The tenor of the facilities sanctioned to the Company and its Subsidiaries varies from one type of facility to the other. Typically, the tenor of the term loan facilities availed by the Company and its Subsidiaries ranges between 12 months to 84 months.
3. **Security:** In terms of the borrowings where security needs to be created, the Company is typically required to:
 - a) create charge by way of hypothecation of stocks, on entire current assets;
 - b) create first charge by way of mortgage of immovable property; and
 - c) execute personal guarantee(s) in relation to certain borrowings of the Company.

The above-mentioned lists are indicative and there may be additional requirements for creation of security under the various borrowing arrangements entered into by the Company and its Subsidiaries.

5. **Pre-payment and premature redemption:** The terms of certain facilities availed by the Company and its Subsidiaries typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties and such other conditions as laid down in the loan documentations, on giving prior notice or obtaining prior approval from the concerned lender, as the case may be. The prepayment premium for the facilities availed, where specified, is typically charged at the rate of 2 % to 5 % of the amount prepaid or the principal outstanding, often depending on the leftover tenor of the facilities, or at an amount decided at the discretion of such lender.
6. **Penalty:** The terms of certain facilities availed by the Company and its Subsidiaries prescribe penalties for [non-payment of interest or repayment instalment, failure to create security within agreed timelines or any other breach of covenants or terms and conditions, which are as laid down in such facility documents or as may be stipulated by the concerned lender, as the case may be. The default interest payable on such facilities availed typically ranges from 1 % to 24 % per annum on the outstanding loan.
7. **Restrictive Covenants:** The facilities contain certain reserved matters, for which prior consent of the lenders is required. An indicative list of such reserved matters is disclosed below:
 - a) Formulation of any scheme of amalgamation or reconstruction or merger or demerger.
 - b) Investment by way of share capital or loan or advance to or place deposits with any other concern (including group companies).
 - c) Issuing any guarantee or letter of comfort in the nature of guarantee on behalf of any other company (including group companies).
 - d) Effecting any change in the Company's capital structure.
 - e) Enter into borrowing arrangements either secured or unsecured with any other bank, financial institution, company, or person.
 - f) Create any further charge, lien or encumbrance over the assets and properties of the Company, Guarantors to be charged, charged to the Bank in favour of any other bank, financial institution, firm, or person.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific borrowing arrangements entered into by the Company and / or its Subsidiaries.

8. **Events of default:** In terms of borrowing arrangements for the facilities availed by the Company, the occurrence of any of the following, among others, constitute an event of default:
 - a) Failure to repay on demand any moneys which ought to be paid by the Company including principal, interest, and other moneys.



- b) Committing any breach of any covenant, agreement, undertaking or declaration on part of the Company.
- c) Giving false or misleading information in the borrower's proposals made to the lenders.
- d) If any execution is levied or enforced against any property or assets whatsoever of the Borrower.
- e) If any person, firm, or company takes steps towards applying for or obtaining an order for the appointment of a receiver of any property or assets whatsoever of the Borrower or if such receiver is appointed,
- f) If any person, firm, or company shall apply or obtain an order for the winding up of the Borrower or if any such order is made or if any step is taken by any person, firm or company towards passing any resolution to wind up the Borrower.
- g) Cross default in case of default by the borrower to any other bank under the consortium or by the borrower's associate/sister concern/subsidiary to the lenders.

The above-mentioned list is indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by the Company.

9. **Consequences of occurrence of events of default:** In terms of borrowing arrangement for the facilities availed by the Company, upon the occurrence of events of default, the lenders may:

- a) Appoint their nominee on the Board of Directors of the borrower to look after its interests;
- b) Securitise or novate or assign the assets that have been charged;
- c) Charge additional interest over and above the rate prescribed hereunder for the period during which such default continues;
Sell or otherwise dispose of the hypothecated vehicle for the purpose of realisation of the security and the amount due to the Bank;
- d) Enter into or upon any place or premises without any notice where or wherein any of the hypothecated assets/machinery may be or are situated or kept or stored and for the purpose of such entry to do all acts, deeds, or things as are deemed necessary by the lenders;
- e) Inspect, value, insure and/or to take charge of and/or to seize, recover, receive, appoint receivers of and/or take possession of all or any of the hypothecated assets/machinery;
- f) Sell or dispose of either by public auction or tender or private contract all or any part of the hypothecated assets/machinery in such manner as the lender(s) think fit.

ANNEXURE C

Details of Guarantees provided by the Company and its subsidiaries for the repayment of any loans availed by other entities

NIL



**ALKA
HINGE**

Digitally signed by ALKA HINGE
DN: c=IN, postalCode=400002,
st=MAHARASHTRA, street=MUMBAI,
l=MUMBAI, o=Personal,
serialNumber=93e3a26d9ec0ea7468a44d54
27a7dde57ac4024d304062e1fec5f5a388fc5,
pseudonym=41cd56c2107405f831a42e939e
76e5d,
2.5.4.20=7c52235d34cc455fb91c44269c6614
47bfe5d167f7ab7a92da588879486ba831,
email=ALKABALLAL@TRCHADHA.COM,
cn=ALKA HINGE
Date: 2024.03.04 08:24:32 +05'30'