THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY AND IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE TO SECURITIES. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION DIRECTLY OR INDIRECTLY OUTSIDE INDIA. Initial Public Offer of equity shares on the main board of BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**") in compliance with Chapter II of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**").

KRYSTAL

KRYSTAL INTEGRATED SERVICES LIMITED

Our Company was incorporated as 'Sea King Enterprises Private Limited' at Mumbai as a private limited company under the Companies Act, 1956 pursuant to a certificate of incorporation dated December 1, 2000 issued by the Registrar of Companies, Maharashtra at Mumbai ("**RoC**"). The name of our Company was changed to 'Krystal Tradecom Private Limited' and a fresh certificate of incorporation dated February 6, 2001 was issued by the RoC. Subsequently, our Company diversified its activities and the name of our Company was changed from 'Krystal Tradecom Private Limited' to 'Krystal Integrated Services Private Limited', and a fresh certificate of incorporation dated May 19, 2009 was issued by the RoC. Pursuant to a resolution of our Board dated June 30, 2023 and a resolution of our shareholders dated July 4, 2023, our Company was converted into a public limited company under the Companies Act, and consequently, the name of our Company was changed to 'Krystal Integrated Services Limited' and a fresh certificate of incorporation dated August 4, 2023 was issued by the RoC. For further details, see "*History and Certain Corporate Matters*" on page 225 of the Prospectus.

Registered Office: Krystal House 15A 17, Shivaji Fort CHS, Duncans Causeway Road, Mumbai – 400 022, Maharashtra, India; **Tel**: +9122 43531234;
Corporate Office: 20th Floor, Kohinoor Square, Shivaji Park, Dadar, Mumbai – 400028, Maharashtra, India; **Tel**: +9122 47471234; **Contact Person**: Stuti Maru, Company Secretary and Compliance Officer; **Email**: company.secretary@krystal-group.com;
Website: https://krystal-group.com/; **Corporate Identity Number**: U74920MH2000PLC129827

(Please scan this QR code to view the Prospectus)

OUR PROMOTERS: PRASAD MINESH LAD, NEETA PRASAD LAD, SAILY PRASAD LAD, SHUBHAM PRASAD LAD AND KRYSTAL FAMILY HOLDINGS PRIVATE LIMITED

Our Company has filed the Prospectus dated March 19, 2024 with the RoC (the "Prospectus") and the Equity Shares (as defined below) are proposed to be listed on the Main Board platform of Stock Exchanges and the trading is expected to commence on March 21, 2024.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 41,97,552 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE "EQUITY SHARES") OF KRYSTAL INTEGRATED SERVICES LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 715 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 705 PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING TO ₹ 3,001.25 MILLION COMRISING OF A FRESH ISSUE OF 2,447,552 EQUITY SHARES AGGREGATING TO ₹ 1,750 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 1,750,000 EQUITY SHARES AGGREGATING TO ₹ 1,251.25 MILLION (THE "OFFERED SHARES") BY KRYSTAL FAMILY HOLDINGS PRIVATE LIMITED (THE 'PROMOTER SELLING SHAREHOLDER') (THE "OFFER FOR SALE") (THE"OFFER FOR SALE", TOGETHER WITH THE FRESH ISSUE, THE"OFFER")"). THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH AND THE OFFER PRICE IS 71.50 TIMES THE FACE VALUE OF THE EQUITY SHARES.

ANCHOR INVESTOR OFFER PRICE: ₹ 715 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
OFFER PRICE: ₹ 715 PER EQUITY SHARE OF FACE VALUE OF ₹ 10 EACH
THE OFFER PRICE IS 71.50 TIMES THE FACE VALUE OF THE EQUITY SHARES.

RISK TO INVESTORS

1. **Dependence on Government Contract**: In the six months ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 our percentage of revenue from operations from government customers are 76.27%, 73.66%, 73.30% and 69.41% respectively. Seven of our top 10 customers, including our largest customer, based on revenue generated for Fiscal 2023, are government entities. The performance of our services for public sector undertakings or governmental customers may be affected by political and administrative decisions concerning levels of public spending and public opinion on outsourcing in general. Any adverse change in the policies adopted by the government regarding award of its contracts or our existing relationship with the government may adversely affect our ability to win such contracts.
2. **Customer concentration risk**: In the six months ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 our percentage of revenue from operations from our top five customers were 54.07%, 59.19%, 57.84% and 68.36% respectively. In the event of our failure to retain one or more of our key customers, it will have an adverse effect on our financial performance and result of operations.
3. **Geographic concentration risk**: In the six months ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 our percentage of revenue from operations from our services offered in Maharashtra were 34.87%, 43.28%, 41.91% and 47.41% and in Tamil Nadu were 30.68%, 37.60%, 37.01% and 32.40% respectively. We cannot assure you that we will be able to address our reliance on these few geographical regions, in the future.
4. **Concentration on Integrated Facility Management Services**: For the six months ended September 30, 2023 and Fiscals 2023, 2022 and 2021, our revenue from integrated facility management services has contributed to 56.62%, 60.38%, 58.46% and 71.04% of our revenue from operations, respectively. Any decrease in revenue from any specific segment may have an adverse effect on our business, cash flows, results of operation and financial condition.
5. **Negative cash flows from operating, investing and financing activities**: We have experienced negative operating cash flow of ₹ (368.80) millions in six months ended September 30, 2023. The details of cash flow in six months period ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 are as setforth below:

(₹ in millions)

Particulars	Financial Year ended			Six months ended September 30, 2023
	March 31, 2021	March 31, 2022	March 31, 2023	
Net cash flow from / (used in) operating activities	79.58	199.86	717.81	(368.80)
Net cash flow from / (used in) investing activities	176.06	(178.92)	(320.09)	(197.27)
Net cash flow from / (used in) financing activities	(267.72)	(30.59)	(308.92)	488.09

We may experience negative cash flows in the future as well. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans.

6. **Substantial Working Capital Requirements**: Our working capital requirements, on a consolidated basis, as on September 30, 2023 and March 31, 2023, 2022 and 2021 amounted to ₹1228.49 million, ₹385.37 million, ₹1,174.08 million and ₹1,057.72 million, respectively. Consequently, there could be situations where the total funds available to us may not be sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future, or utilize internal accruals to satisfy our working capital needs.
7. **Operational risks**: Certain operational risks are inherent in our business as we render various business services at customer premises in a number of challenging environments. Our business operations are subject to hazards inherent in providing such services, including risk of equipment failure, production loss to customers, work accidents etc, Such risks and other unanticipated operational hazards could also lead to additional regulatory scrutiny and potential liability to third party claims, which could have a material adverse effect on our business growth prospects, cash flows, results of operations and financial condition.
8. **Growth of our Focus Sectors:** The following table sets forth certain information relating to the revenue from operations from focus sectors in the last three Fiscals and six months ended September 30, 2023

Customers	Six months ended September 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)	Amount (₹ million)	Percentage of Revenue from Operations (%)
Healthcare	1,384.03	30.65	2,664.59	37.65	2,079.43	37.62	1,609.12	34.14
Education	913.25	20.22	1,454.30	20.55	1,030.96	18.65	1,451.09	30.79

Further, the deterioration in the business prospects of these sectors could reduce their requirement of our services and result in a significant decrease in the revenues we derive from these sectors.

9. **Employee Related risk**: We hire a considerable number of personnel every year to sustain our growth. As on March 31, 2021, March 31, 2022, March 31, 2023 and September 30, 2023, the number of our on-site employees was 26,999, 29,103, 31,881 and 39,900, respectively. Our attrition rate for Fiscals 2021, 2022 and 2023 and six months ended September 30, 2023 was 22.00%, 35.88%, 31.38% and 12.98%, respectively. Further, higher attrition rates lead to an increase in our training and recruitment costs, which may have an adverse impact on our profitability and financial conditions. There can be no assurance that skilled manpower will continue to be available in sufficient numbers and at wages suitable to our requirements.
10. **Risk related to acquisition of new customer or Renewal of Contracts**: We typically enter into short-term work orders/ contracts for one-year periods, and our longer-term contracts do not exceed a period of three years. Within the duration of these contracts, the scope of services can vary depending upon the requirements of our customers. Therefore, we need to seek new requirements or cross-sell our service offerings when our current services are completed or terminated with existing customers, and secure new customers in order to expand our business.
11. **Observations under the Companies (Auditors Report) Order, 2020** : Our Statutory Auditors have included the observations for Fiscals 2021, 2022 and 2023 in their reporting under the Companies (Auditors' Report) Order, 2020 for our Company and our Subsidiaries. For further details, refer Risk Factor No. 13 on page 46 of the RHP.
12. **Delay or defaults to collect our receivables**: Our trade receivables outstanding for over six months were ₹253.80 million, ₹ 295.65 million, ₹ 314.05 million, and ₹ 310.59 million, representing 11.67%, 19.76%, 13.02% and 15.51% of our total trade receivables as on September 30, 2023, March 31, 2023, 2022 and 2021, respectively. Our balance write-offs from trade receivables were Nil, ₹ 0.04 million, ₹ 0.03 million and ₹ 0.76 million as on September 30, 2023, March 31, 2023, 2022 and 2021 respectively. Our business depends on our ability to successfully obtain payment from our customers for services provided in a timely manner.
13. **Competition risk**: As an integrated business services company providing a wide range of business services including integrated facility management services, private security and manned guarding and staffing solutions, we compete with a range of organized and unorganized competitors, depending on the nature and location of services provided. We expect that the level of competition will remain high, which could directly impact the size of our workforce and availability of cost-effective labour options, and therefore potentially limit our ability to maintain or increase our market share or profitability.
14. **Proceeds from Offer for sale**: The Offer includes an offer for sale of Equity Shares by the Promoter Selling Shareholder. The entire proceeds from the Offer for Sale will be paid to the Promoter Selling Shareholder, and we will not receive any such proceeds from the Offer for Sale.
15. The Offer Price of our Equity Shares, our market capitalization to revenue from operations for FY 2023 and our price-to-earnings (P/E) ratio at Offer Price may not be indicative of the market price of our Equity Shares after the Offer.

Particulars	In Multiples, unless otherwise specified	
	Cap Price	Floor Price
Market Capitalisation to Revenue from Operations[1]	1.16	1.11
P/E Ratio	21.45	20.40
Average P/E ratio of the Industry Peers[2]	39.01 times	

Note:
1. The Market Capitalization to Revenue from Operations ratio is a financial metric that compares a company's market value to its revenue. It is calculated by dividing the market capitalization by the revenue from operations. Market Capitalization has been computed as the product of number of shares outstanding as on the date of RHP with Floor price or Cap Price, as applicable. Revenue from Operations are for the financial year ended March 31, 2023.
2. The average Price-to-Earnings (P/E) ratio of industry peers is calculated by adding up their P/E ratios and dividing by the number of companies in the calculation

16. **Average cost of acquisition** of the Krystal Family Holdings Private Limited, Promoter Selling Shareholder in IPO is ₹30. (As certified by T R Chadha & Co LLP, the Statutory Auditors pursuant to their certificate dated March 04, 2024)
17. **Handled Issue Data**: The BRLM associated with the Issue has handled 1 Main board public Issue in the past three years and it was not closed below the issue price on the listing date.
18. **Weighted Average Return on Networth** for Fiscals 2021, 2022 and 2023 is 19.17% and for the six months ended September 30, 2023 is 11.21% (Not Annualised).
19. The weighted average price for all Equity Shares acquired by the Promoters, members of the Promoter Group, the Promoter Selling Shareholder and other shareholders with rights to nominate Directors or any other rights in the last one year, 18 months and three years preceding the date of this Prospectus is as set out below:

Period	Weighted Average Cost of Acquisition^ (in ₹)	Cap Price is 'X' times The Weighted Average Cost of Acquisition^	Range of acquisition price: Lowest price - Highest price (in ₹)^
Last one year	Negligible	N.A.	0-10
Last 18 months	Negligible	N.A.	0-10
Last three years	Negligible	N.A.	0-10

 # Not Applicable since the denominator is negligible
^As certified by Maheshwari & Co., Independent Chartred Accountant pursuant to their certificate dated March 09, 2024

20. Weighted Average Cost of Acquisition, Floor Price and Cap Price

Period	WACA (in ₹)	Floor Price (₹ 680)	Cap Price (₹ 715)
a) Weighted Average cost of acquisition of primary / new issue 18 months prior to RHP	N.A.^	N.A.^	N.A.^
b) Weighted Average cost of acquisition for secondary sale / acquisitions 18 months prior to RHP	N.A.^^	N.A.^^	N.A.^^
c) WACA of Equity Shares based on primary issuances undertaken during the three immediately preceding years*	N.A.#	N.A.	N.A.
d) WACA of Equity Shares based on secondary transactions undertaken during the three immediately preceding years*	10	68.00 times	71.50 times

^There were no primary / new issue of shares (equity / convertible securities) transactions, other than equity shares issued pursuant to a Bonus Issue on September 26, 2023, in last 18 months prior to the date of the Prospectus.
^^ There were no secondary sale / acquisitions of shares equity equity/ convertible securities) transactions in last 18 months prior to the date of the Prospectus
 # WACA has been mentioned as NA since there have been no transactions excluding bonus issuance
**Since there are no such transactions to report to under (a) and (b) above, the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where our Promoters/members of our Promoter Group or Shareholder(s) having the right to nominate director(s) on the Board of our Company, are a party to the transaction, during the three years prior to the date of filing of the Prospectus.*

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