

M/S KARNIKA INDUSTRIES LTD

**Audited
Financial
Statement**

**As on
MARCH, 31
2023**

AAAJ & Associates

(Formerly Uttam Agarwal & Associates)

Chartered Accountants

115, Cotton Street, Kolkata - 700007

Phone - +91 9748997711/ 9331000711

E-mail: deepakagarwal20002001@yahoo.com

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
M/S. KARNIKA INDUSTRIES LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **M/S. KARNIKA INDUSTRIES LIMITED**. ("the Company"), which comprise the Balance Sheet as at **March 31, 2023**, the statement of Profit and Loss, statement of Cash Flows for the year ended on that date, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, **the profit** and its cash flow for the year ended on that date.

Basis for Opinion

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



Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In the audit of the current period, we does not observed any key audit matters required to be reported separately.

Other Matters:

The continuous spreading of COVID -19 across India has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI). As a result of the above, the entire audit was carried out based on remote access of the data as provided by the management of the Company. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management of the Company that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the Standalone financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report and Shareholder's Information if any, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the Accounting Standard and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

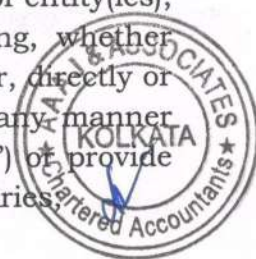
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

1. As required by the **Companies (Auditor's Report) Order, 2020 ("the Order")**, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations, which would impact its financial position.
 - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



- v. The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- vi. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (iv) and (v) contain any material mis-statement.
3. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
4. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of the sections 197 of the act. The remuneration paid to any director is not in excess in the limit laid down under section 197 of the act. The ministry of corporate affairs has not prescribed other details under section 197(16) of the act which are required to be commented upon by us.

For A A A J & Associates
(Formerly known as Uttam Agarwal & Associates)
Chartered Accountants
Firm Reg. No. 0322455E

Atulya



CA Deepak Agarwal
Partner

Mem. No. 061132

Date : 17.06.2023

UDIN : 23061132BGVAAV8753



ANNEXURE – A TO THE INDEPEDENT AUDITORS REPORT
(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

To The member of KARNIKA INDUSTRIES LIMITED
on the accounts for the year ended 31st March 2023

On the basis of such checks as we considered appropriate and according to the information and Explanations given to us during the course of our audit, we report that:

- i) In respect of its Property, Plant & Equipment,
 - (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
B. The Company has maintained proper records showing full particulars of intangible assets.
 - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its property, plant and equipment by which all Property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
 - (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
 - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made there under.
- (ii) In Respect of its inventory:
 - (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.



- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the monthly and quarterly returns or statements filed by the Company with such banks are generally in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Hence, the requirement under paragraph 3(iii) of the order are not applicable to the company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, investments or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Accordingly, clause 3(iv) of the Order is not applicable to the company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public as per the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/ or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) In Respect of statutory dues:
- (a) According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities during the year
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes.



- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- (ix) In respect of loans taken:
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has obtained GECLS Loan from HDFC Bank Limited of Rs. 1.96 Crore in the name of previous partnership firm Karni International and also repaid the same along with the interest during the financial year under review.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short term basis have been used for long term purposes by the Company. Accordingly, clause 3(ix)(d) of the Order is not applicable.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- (x)
- (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, The Company has issued shares during the year by way of Right and Bonus issue and the details of which are mentioned in Notes no. 3(C) of Financial Statements of the company.



- (xi)
- (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit. Accordingly, clause 3(xi) of the Order is not applicable.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us, the Internal Audit system is not applicable on company as required by section 138 of the Companies Act, 2013 during the year under review.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) According to the information and explanations given to us, we are of the opinion that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of clause 3(xvi) of the Order are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year. Accordingly, clause 3(xvii) of the Order is not applicable.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.



(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that no any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company.

We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The provisions of Section 135 towards corporate social responsibility are not applicable on the company. Accordingly, the provisions of clause 3(xx) of the Order is not applicable.
- (xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report

For A A A J & Associates
(Formerly known as Uttam Agarwal & Associates)
Chartered Accountants
Firm Reg. No. 0322455E

Deepak

CA Deepak Agarwal
Partner

Mem. No. 061132

Date : 17.06.2023

UDIN : 23061132BGVAAV8753



“ANNEXURE - B TO THE AUDITORS’ REPORT”

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

We have audited the internal financial controls over financial reporting of **M/S KARNIKA INDUSTRIES LIMITED** as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

Whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A A A J & Associates

(Formerly known as Uttam Agarwal & Associates)

Chartered Accountants

Firm Reg. No. 0322455E

Apurva

CA Deepak Agarwal

Partner

Mem. No. 061132

Date : 17.06.2023

UDIN : 23061132BGVAAV8753



KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Balance Sheet As On 31st March, 2023

(Rs in Lakh)

	NOTE NO.	As At 31st March, 2023
I EQUITY AND LIABILITIES		
Shareholder's Fund		
(a) Share Capital	3	910.03
(b) Reserve & Surplus	4	882.87
Non Current Liabilities		
(a) Long Term Borrowings	5	4.33
(b) Long Term Provisions	6	11.92
Current Liabilities		
(a) Short-Term Borrowings	7	5,226.00
(b) Trade Payables		
(i) Total outstanding dues of micro enterprises & Small enterprises ; &		
(ii) Total outstanding of Creditors other than micro enterprises & small enterprise.	8	2,564.29
(c) Other Current Liabilities	9	177.80
(d) Short Term Provisions	10	7.07
Total		9,784.32
II ASSETS		
Non Current Assets		
(a) Property, Plant & Equipment & Intangibles	11	
(i) Property, Plant & Equipment		150.68
(ii) Intangibles		2.53
(b) Long Term Loan & Advances	12	39.66
(c) Other Non- Current Assets	13	20.67
(d) Deferred Tax Assets	14	3.02
Current Assets		
(a) Inventories	15	4,853.67
(b) Trade Receivables	16	4,021.51
(c) Cash & Cash Equivalents	17	155.19
(d) Short-Term Loans & Advances	18	78.05
(e) Other Current Assets	19	459.35
Total		9,784.32

Summary of Significant Accounting Policies (Note 2)

The Accompanying notes are an integral part of the Financial Statement

As per our report of even date

For and on behalf of the Board of Directors

For A A A J & Associates

(formerly known as Uttam Agarwal & Associates)

Chartered Accountants

Firm Registration No.322455E

CA Deepak Agarwal

Partner

Membership No. 061132

Place : Kolkata

Date : 17.06.2023

UDIN : 23061132BGVAAV8753



Karnika Industries Limited

KARNIKA INDUSTRIES LIMITED

Niranjan Mundhra

Director

Niranjan Mundhra

DIN :5254448

Managing Director

KARNIKA INDUSTRIES LIMITED

Shiv Shankar Mundhra

Director

Shiv Shankar Mundhra

DIN :2926873

Whole Time Director

KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Statement of Profit & Loss Account From 13th April 2022 to 31st March, 2023

(Rs in Lakh)

	NOTE NO.	Year Ended 31st March, 2023
I Revenue from Operations	20	12,459.24
II Other Income	21	146.37
III Total Revenue		12,605.62
IV <u>Expenses:</u>		
Raw Material Consumed	22	5,974.71
Purchases in Stock In Trade	23	1,646.43
Change in Inventories, WIP & Finished Goods	24	(1,439.19)
Employees Benefit Expenses	25	610.70
Finance Costs	26	516.63
Depreciation & Amortization	27	39.03
Other Expenses	28	4,148.55
Total Expenses		11,496.87
V Profit before tax		1,108.75
VI <u>Tax Expenses</u>		
i) Current Tax		282.09
ii) Deferred Tax		(3.02)
iii) Tax For Earlier Partnership Firm		11.47
VII Profit/(Loss) for the Period		818.21
VIII <u>Earning per Equity Share:</u>		
i) Basic		8.99
ii) Diluted		8.99

Summary of Significant Accounting Policies (Note - 2)

The Accompanying notes are an integral part of the Financial Statement

As per our report of even date

For A A A J & Associates

(formerly known as Uttam Agarwal & Associates)

Chartered Accountants

Firm Registration No.322455E

Deepak

CA Deepak Agarwal

Partner

Membership No. 061132



Place : Kolkata

Date : 17.06.2023

UDIN : 23061132BGVAAV8753

For and on behalf of the Board of Directors

Karnika Industries Limited

KARNIKA INDUSTRIES LIMITED

Niranjan Mundhra

Director

Niranjan Mundhra

DIN :5254448

Managing Director

KARNIKA INDUSTRIES LIMITED

Shiv Shankar Mundhra

Director

Shiv Shankar Mundhra

DIN :2926873

Whole Time Director

KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

CASH FLOW STATEMENT FOR THE PERIOD FROM 13TH APRIL TO 31ST MARCH, 2023

(Rs in Lakh)

Particulars	Year ended 31,2023	March
CASH FLOW FROM OPERATING ACTIVITIES:		1,108.75
ADJUSTMENTS FOR:		
Depreciation		39.03
Provision Against Gratuity		6.53
Interest Paid		516.63
Interest Income		(0.06)
(A) Operating Profit before Working Capital changes		1,670.88
Adjustments for:		
Increase/(Decrease) in Current Liabilities		7,975.17
(Increase)/Decrease in Current Assets		(9,412.58)
Cash Generated from Operations		233.47
Direct Tax paid (net of refunds)		293.56
Net Cash generated from Operating Activities (A)		(60.09)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of Property, Plant and equipment		(192.24)
Deposits Made		(60.33)
Interest Received From Fixed Deposits		0.06
(B) Net Cash from (used in) Investing Activities (B)		(252.51)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeding From Issue of Share Including Right Shares		980.09
Loan Taken		4.33
Interest Paid		(516.63)
(C) Net Cash from (used in) Financing Activities (C)		467.79
Net Increase / (Decrease) In Cash & Cash Equivalents (A+B+C)		155.19
Cash & Cash Equivalents at the beginning of the year		
Cash & Cash Equivalents at the end of the year		155.19
Components of Cash & Cash Equivalents		
Cash in hand		7.09
Cash at Bank		148.10
Total Cash & Cash Equivalents		155.19

In terms of our Audit report of even date annexed

For and on behalf of the Board of Directors

For A A A J & Associates

(formerly known as Uttam Agarwal & Associates)

Chartered Accountants

Firm Registration No.322455E

Deepak



CA Deepak Agarwal
Partner

Membership No. 061132

Place : Kolkata

Date : 17.06.2023

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Karnika Industries Limited

KARNIKA INDUSTRIES LIMITED

Niranjan Mundhra

Director

Niranjan Mundhra

DIN :5254448

Managing Director

KARNIKA INDUSTRIES LIMITED

Shiv Shankar Mundhra

Director

Shiv Shankar Mundhra

DIN :2926873

Whole Time Director

KARNIKA INDUSTRIES LIMITED

Notes to the Audited Financial Statements for the year ended 31st March 2023:

1. COMPANY INFORMATION

'KARNIKA INDUSTRIES LIMITED' (formerly known as 'KARNI INTERNATIONAL' a Partnership Firm) (the Company) is a public Company domiciled in India and was incorporated on 13th April 2022 under the provisions of the Companies Act applicable in India.

The Company is primarily engaged in business of **Manufacturing and Trading of all kinds of Readymade Garments of Babies, Boys and Girls and all kinds of dress materials in connection thereof** with its main products being Tops, Dresses, Denims, Leggings, Skirts, and Ponchos under the Brand Names and Trade Name : "**Karnika** "

'KARNIKA INDUSTRIES LIMITED', Registered and corporate office is located at **6, Gur Gola Ghat Road, Near Gopal Bhawan, 1st Floor, Bandha Ghat, Howrah-711106, West Bengal, India.**

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION

The financial statements are prepared in accordance with and in compliance, in all material aspects with Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act) read along with (Accounting Standards) Rules, 2021 notified under the Companies Act, 2013, as amended and other relevant provisions of the Act. The presentation of the Financial Statements is based on format of Division-I (Non-Ind AS Schedule III) to the Schedule III to the Companies Act, 2013.

In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgation requires a different treatment.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated.

All assets and liabilities are classified into current and non-current generally based on the criteria of realisation/settlement within a twelve month period from the balance sheet date.

The reporting currency of the Company is the Indian Rupee (₹).

b) SIGNIFICANT ACCOUNTING POLICIES

Current and Non-Current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.



A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or • There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

USE OF ESTIMATE

In preparation of the financial statement in conformity with Generally Accepted Accounting Principle in India, management is required to make estimate & assumptions that affect the reported amount of assets & liability and the disclosure of contingent liabilities as at the financial reporting date. The amount of revenue & expenditure during the reported period and that of actual result could be different from those estimates. Any revision to such estimate is recognized in the period in which the same is determined.

REVENUE RECOGNITION

Sales revenue is recognized when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods or services are recognized on delivery of the products or services, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained.

In the financial statement, revenue from operation does not include Indirect taxes like Sales Tax And/ Or Goods & Service Tax.

A. Sale of Goods

Sales are recognized, net of returns and trade discounts, on transfer of significant risk and rewards of ownership to the buyer, which generally coincide with the delivery of goods to the customers. The Company collects Goods and Service Tax (GST) and / or Tax Collected at source on behalf of the government and, therefore, these do not form a part of economic benefits flowing to the Company. Hence, they are excluded from revenue.

B. Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

C. Service Income

Income from service rendered is recognised based on the terms of the agreements as and when services are rendered and are net of Goods and Service Tax (GST)/ Service tax.

D. Dividend Income

Dividend income from investments, if any, is accounted on the receipt basis.

E. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.



EXPENDITURE

Expenses are accounted on accrual basis.

VALUATION OF INVENTORIES: -

As per (AS) 2, The inventories are physically verified at regular intervals by the management. Raw materials and packing materials are valued at the lower of cost and net realizable value.

Finished goods, Stock-in-Trade and Work-in-Progress are valued at lower of cost and net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads net of recoverable taxes incurred in bringing them to their respective present location and condition.

Consumable stores and spares are valued at the lower of cost and net realizable value, as estimated by the management. Obsolete, defective, unserviceable and slow/non-moving stocks are duly provided for.

GOVERNMENT GRANT

The Company may receive government grants that require compliance with certain conditions related to the Company's operating activities or are provided to the Company by way of financial assistance on the basis of certain qualifying criteria.

Government grants including Promotional benefits, export incentives and export growth incentives are recognised when there is reasonable assurance that the grant will be received by the Company complying with the conditions attached to the grant.

Accordingly, government grants:

- (a) related to or used for assets, are deducted from the carrying amount of the asset.
- (b) related to incurring specific expenditures are taken to the Statement of Profit and Loss on the same basis and in the same periods as the expenditures incurred.
- (c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

In the unlikely event that a grant previously recognised is ultimately not received, it is treated as a change in estimate and the amount cumulatively recognised is expensed in the Statement of Profit and Loss.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred to bring the assets to its present location and condition. Borrowing cost directly attributable to the acquisition /construction are included in the cost of fixed assets. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

In case of new projects / expansion of existing projects, expenditure incurred during construction / preoperative period including interest and finance charge on specific / general purpose loans, prior to commencement of commercial production are capitalized. The same are allocated to the respective t on completion of construction / erection of the capital project / fixed assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future economic benefits from the existing asset beyond its previously assessed standard of performance.

Capital assets (including expenditure incurred during the construction period) under erection installation are stated in the Balance Sheet as "Capital Work in Progress."



INTANGIBLE ASSETS

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortized over their useful life.

BORROWING COSTS

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized when all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use.

The ancillary costs incurred in connection with the arrangement of borrowings are amortised over the life of underlying borrowings. These form part of the borrowing costs.

All other costs related to borrowings are recognised as expense in the period in which they are incurred.

LEASES

A. Finance lease:

Assets acquired under finance leases are recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognized as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

B. Operating lease:

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Company's Balance Sheet. Payments / rental income under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

DEPRECIATION

All fixed assets, except capital work in progress, are depreciated on WDV Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the date of such addition / deletion as the case may be.

In respect of an assets for which impairment loss is recognized, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

AMORTIZATION

Intangible assets are amortized on a straight – line basis over their estimated useful lives of 5 years. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

RESEARCH AND DEVELOPMENT: -

Research Costs are charged as an expense in the year in which they are incurred and are reflected under the appropriate heads of account. Development expenditure is carried forward when its future recoverability can reasonably be regarded as assured and is amortized over the period of expected future benefit.



PRIOR PERIOD ADJUSTMENTS / EXCEPTIONAL ITEMS: -

All identifiable items of Income and Expenditure pertaining to prior period are accounted as "Prior Period Items". "Exceptional items" are accounted depending on the nature of transaction.

EXTRAORDINARY ITEMS

'Extraordinary items' as per AS 5 "Net Profit or Loss for the period, Prior period items and changes in Accounting Policies" are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly. They are disclosed in the Statement of Profit and Loss as a part of net profit or loss for the period. The nature and the amount of each extraordinary item are separately disclosed in the Statement of Profit and Loss in a manner that its impact on current profit or loss can be perceived."

EVENT OCCURRING AFTER BALANCE SHEET DATE: -

As per AS 4 Events occurring after the balance sheet date are those significant events, both favorable and unfavourable, that occur between the balance sheet date and the date on which the financial statements are approved by the Board of Directors in the case of a company, and, by the corresponding approving authority in the case of any other entity. These events can broadly be classified in two ways: a) Those which provide further evidence of conditions that existed at the balance sheet date; and b) Those which are indicative of conditions that arose subsequent to the balance sheet date. Adjustments to assets and liabilities are required for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amounts relating to conditions existing at the balance sheet date.

INVESTMENTS: -

Recognition and Measurement Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Presentation and disclosures Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

TRADE RECEIVABLES AND LOANS AND ADVANCES

Trade receivables and Loans and advances are stated after making adequate provisions for doubtful balances

EMPLOYEE BENEFITS

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc., are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the employee renders the related service.

Post-Employment Benefits:

Defined Contribution Plans

The Company has defined contribution plans for post-employment benefits such as Provident Fund & Employee's State Insurance and Employee's Pension Scheme, 1995. The Company contributes to a government administered Provident Fund, state plan namely Employee's Pension Scheme, 1995, Employee's State Insurance Scheme on behalf of its employees and has no further obligation beyond making its contribution. The Company's contributions to the above funds are recognised in the statement of profit and loss for the year.



Defined Benefit Plans

The Company has defined benefit plan namely gratuity for all its employees. Liability for defined benefit plan is provided based on valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liability is the projected unit credit method. Actuarial losses and gains are recognised statement of profit and loss for the year. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs.

The Company's liabilities on account of gratuity and leave encashment are determined at the end of each financial year on the basis of actuarial Valuation as per requirements of Accounting Standard 15 on "Employee Benefits".

FOREIGN CURRENCY TRANSACTIONS

A. Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the prevailing exchange rate between the reporting currency and the foreign currency, as on the date of the transaction.

B. Conversion

Yearend foreign currency monetary items are reported using the year end exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

C. Exchange Differences

Exchange differences arising on the settlement or reporting of monetary items, at rates different from those at which they were initially recorded during the period or reported in previous financial statements and / or on conversion of monetary items, are recognised as income or expense in the year in which they arise.

INCOME TAXES

Tax expense comprises current and deferred tax. Tax on income for the current period is determined on the basis of taxable income and tax computed in accordance with the provisions of the Income tax is determined in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of assesment/appeals. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.



Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

PROVISIONS, CONTINGENT LIABILITY & CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement, are recognized when the present obligation of or past events gives rise to a probable outflow embodying economic benefits on settlement and the amount of obligation can be reliably estimated.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the standalone financial statements. Contingent liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved. Contingent Liability is disclosed for

a) Possible obligation which will be confirmed only by future events not wholly within the control of the company or

b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to

settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognized nor disclosed in financial statements.

Provisions and contingent liabilities are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

CLAIMS

Claims against the company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by

the respective authorities with whom the claim is lodged.

COMMITMENTS

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Uncalled liability on shares and other investments partly paid

c) Funding related commitment to subsidiary, associate and joint venture companies and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

e) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, comprise cash at bank, Cash in hand, Cheque in hand and other permissible instruments as per AS 3.



CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

IMPAIRMENT OF ASSETS

As at each Balance Sheet date, the carrying amount of assets are assessed for any indication of impairment, so as to determine

- The provision for impairment loss, if any, required or
- The reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of individual assets, at the higher of the net selling price and the value in use;
- In the cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's net selling price and the value in use;

(Value in use is determined as the present value of estimated future cash flows from the continuing use of

an asset from its disposal at the end of its useful life)

EARNINGS PER SHARE

In determining the Earnings Per share, the company considers the net profit after tax includes any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

In the event of issue of bonus shares, or share split the number of equity shares outstanding is increased without an increase in the resources. The number of Equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported.

SEGMENT REPORTING

Based on the principles for determination of segments given in Accounting Standard 17 "Segment Reporting" as per Accounting Standard notified by the (Accounting Standards) Rules, 2021 under the Companies Act, 2013, as amended, the company is mainly engaged in one segment i.e. Manufacturing and Trading of all kinds of Readymade Garments of Babies, Boys, Gents and Ladies and all kinds of dress materials in connection thereof, which do not materially differ in respect of risk perception and the return realized/to be realized.

Even the geographical environment in which the company operates does not materially differ considering the political and economic environment, the type of customers, assets employed and the risk and return associated in respect of each of the geographical area.



KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035
6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Notes on Accounts:

(Rs in Lakh)
As At
31st March, 2023

NOTE-03

Share Capital

Authorised

2,50,00,000 Equity Shares of Rs. 10.00 Each

2,500.00

2,500.00

Issued, Subscribed & Paid up

91,00,300 Equity Shares of Rs.10.00 Each

910.03

910.03

(A) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period.

Particulars	Opening Balance	Fresh Issue (Right Shares)	Bonus	Buy Back	Closing Balance
Equity shares with voting rights					
Year Ended 31st March, 2023					
- Number of shares	35,00,000	10,50,150	45,50,150	-	91,00,300
- Amount (')	3,50,00,000.00	1,05,01,500.00	4,55,01,500.00	-	9,10,03,000.00
Year Ended 31st March, 2022					
- Number of shares					
- Amount (')					

(B) Rights, Preference and Restriction attached to shareholders

Equity Shares : The Company has one class of equity shares having a par value of Rs. 10 per Share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholder are eligible to receive repayment of capital from the company after payment of all preferential amount, in proportion to their shareholding and also entitled to dividend as recommended by the directors subject to the approval of shareholders in the Annual General Meeting. No shares are held by its Holding company or by Subsidiaries or Associates of holding co. or Ultimate Holding Co.

(C) KARNIKA INDUSTRIES LIMITED is a Public limited Company incorporated under the provisions of the Companies Act, 2013 on 13.04.2023 by converting the erstwhile partnership firm M/s KARNI INTERNATIONAL by issuing the 35,00,000 Equity Share at Rs. 10 Each. Further, the Company has issued 10,50,150 Equity Shares at Rs. 10 with premium Rs. 50 per shares on 01.09.2022 by Right Issue mode and again further company has allotted 45,50,150 fully paid Bonus Shares by capitalization of Securities Premium on 21.12.2022.

(D) Details of Shareholders Holding

More than 5% of Total Shares:

Name of The Shareholder	Number of Shares Held	Percentage
Niranjan Kumar Mundhra	3033000	33.3286%
Mahesh Kumar Mundhra	3033000	33.3286%
Shiv Shankar Mundhra	3033000	33.3286%



(E) Shareholding of Promoters

Shares held by promoters and promoters group as at 31st March, 2023

Promoter name	No. of shares	% of total shares	% change during the year
Niranjan Kumar Mundhra	3033000	33.3286%	N.A.
Mahesh Kumar Mundhra	3033000	33.3286%	N.A.
Shiv Shankar Mundhra	3033000	33.3286%	N.A.
Jagdish Prasad Mundhra	260	0.0029%	N.A.
Saroj Mundhra	260	0.0029%	N.A.
Priyanka Mundhra	260	0.0029%	N.A.
Kirti Mundhra	260	0.0029%	N.A.
Poonam Mundhra	260	0.0029%	N.A.

KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Notes on Accounts:

(Rs in Lakh)

As At

31st March, 2023

NOTE-4

Reserve & Surplus

Securities Premium

Opening Balance

Addition : Issue of Right Share With premium

Deduction : Utilised For issue of Bonus Share

(A)

-
525.08
455.02

70.06

Profit & Loss Account

Profit & Loss Account As Per Last Year

Add: Opening Adjustment For Gratuity Liabilities

Add: Profit After Tax during the year

(B)

-
(5.40)
818.21

812.81

(A+B)

882.87

NOTE-5

Long-Term Borrowings

Motor Car Loan

(Refer to Note to Accounts Note no.37)

4.33

-

4.33

NOTE-6

Long-Term Provisions

Long Term Provisions For Gratuity

(Refer to Note to Accounts Note no.41)

11.92

-

11.92

NOTE-7

Short Term Borrowings

Secured

Bank C/C A/c

(Refer to Note to Accounts Note no.36)

Current Maturities of Long Term Borrowing

(Refer to Note to Accounts Note no.37)

Unsecured

Loan From Body Corporates

(Considered Good and Repayable on demand)

3,810.28

-

3.98

1,411.75

5,226.00

NOTE-8

Trade Payables

Due to Micro & Small Enterprises

Due to Other than Micro & Small Enterprises

-

2,564.29

2,564.29

Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Disputed dues – MSME	-	-	-	-	-
(iii) Others	2,564.29	-	-	-	2,564.29
(iv) Disputed dues - Others	-	-	-	-	-
Total		-	-	-	



KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Notes on Accounts:

(Rs in Lakh)

NOTE-9

Other Current Liabilities

GST Payable	63.71
TDS Payable	35.06
TCS Payable	0.02
Salary Payable	49.08
Rent Payable	27.79
ESIC Payable	0.12
Advance From Customers	0.98
Professional Tax Payable	0.11
EPF Payable	0.94
	<u>177.80</u>

NOTE -10

Short Term Provisions

Audit Fees Payable	4.10
Provision For Taxation (Net off Advance Tax of Rs. 291 Lakhs)	2.79
Provision For Gratuity Expenses	0.18
	<u>7.07</u>

NOTE -12

Long Term Loan & Advances

Capital Advance

West Bengal Hosiery Park Infrastructure Ltd (Unsecured, considered good)	10.00
Advance to Supplier for Machinery (Unsecured, considered good)	29.66
	<u>39.66</u>

NOTE -13

Other Non-Current Assets

Security Deposits (Unsecured, considered good)	20.67
	<u>20.67</u>

NOTE -14

Deferred Tax Assets

Deferred Tax Assets	3.02
	<u>3.02</u>

NOTE -15

Inventories

Closing Stock of Raw Material	1,358.20
Closing Stock of Work-In-Progress	2,042.02
Closing Stock of Finished Goods	1,453.44
	<u>4,853.67</u>

NOTE-16

Trade Receivables

Sundry Debtors (Considered Goods)	4,021.51
	<u>4,021.51</u>



KARNIKA INDUSTRIES LIMITED
6&6/1, GURGOLA GHAT ROAD P.O. SALKIA HOWRAH 711 106

Note : 11

Property, Plant & Equipment

(Rs in Lakh)

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost At 13/04/2022	Addition	Deletion	Cost At 31/03/2023	As At 13/04/2022	For the Year	Adjustment	As At 31/03/2023
Property Plant & Equipment								
Computer & Data Processing Unit	4.34	9.09		13.42		5.53		7.89
Office Equipments	10.01	14.46		24.46		8.03		16.43
Plant & Machineries	41.56	54.90		96.46		11.15		85.30
Building	0.63	-		0.63		0.03		0.60
Electrical Installation & Equipment	7.05	2.54		9.59		2.20		7.39
Furniture & Fittings	16.42	13.47		29.89		6.14		23.75
Motor Vehicles	13.33	-		13.33		4.02		9.32
	93.33	94.46	-	187.79	-	37.11	-	150.68
Intangibles								
Software	4.15	0.31		4.45		1.93		2.53
	4.15	0.31	-	4.45	-	1.93	-	2.53
Total	97.48	94.76	-	192.24	-	39.03	-	153.21



KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035
6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Notes on Accounts:

(Rs in Lakh)

Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	3,780.91	223.95	6.68	9.95	0.02	4,021.51
(ii) Undisputed Trade Receivables – considered doubtful						-
(iii) Disputed Trade Receivables – considered good						-
(iv) Disputed Trade Receivables – considered					6.34	6.34
Less: Provision for doubtful receivable (Disputed + Undisputed)					(6.34)	(6.34)
Total	3,780.91	223.95	6.68	9.95	0.02	4,021.51

NOTE-17

Cash & Cash Equivalents

In Current Account	147.84
Cash In Hand	7.09
	154.93

Other Bank Balances

Fixed Deposits (Deposits with original maturity of more than three months but less than twelve months)	0.26
	155.19

NOTE-18

Short Term Loans & Advance

Advance to Suppliers (Unsecured, considered good)	68.11
Advance Against Salary	2.64
Advance Against Rent	0.51
TDS Receivables	6.14
TCS Receivables	0.21
Prepaid Road Tax	0.44
	78.05

NOTE-19

Other Current Assets

Export GST Receivables	69.37
GST Input Credit Receivables	299.75
Duty Drawback Receivables	4.48
ROSCTL Claim Receivable	85.75
	459.35



KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Notes on Accounts:

(Rs in Lakh)

NOTE-20

Revenue From Operations

Domestic

Traded Goods	1,552.99
Manufactured Goods	8,840.83

Export

Traded Goods	-
Manufactured Goods	2,065.42

12,459.24

NOTE-21

Other Income

Interest Income	0.06
Foreign Currency Gain & Loss	17.60
Duty Drawback	42.97
ROSCTL Export	85.75

146.37

NOTE-22

Raw Material Consumed

Stock of Raw Material at the Date of Conversion	613.76
---	--------

Add: Purchases During The Year 6,719.14

Less: Closing Stock of Raw Material 1,358.20

5,974.71

NOTE-23

Purchases in Stock In Trade

Trading Purchases	1,646.43
-------------------	----------

1,646.43

NOTE-24

Change In Inventories

Stock of Work-In-Progress at the Date of Conversion	1,576.43
---	----------

Stock of Finished Goods at the Date of Conversion	479.63
---	--------

Stock of Trading Purchases at the Date of Conversion	0.21
--	------

Less:

Closing Stock of Work-In-Progress	2,042.02
-----------------------------------	----------

Closing Stock of Finished Goods	1,453.44
---------------------------------	----------

(1,439.19)

NOTE-25

Employees Benefit Expenses

Salary Paid	281.43
-------------	--------

Director Remuneration	278.40
-----------------------	--------

EPF Employer Contribution	8.49
---------------------------	------

ESIC Employer Contribution	3.74
----------------------------	------

Bonus Paid	5.97
------------	------

Gratuity Expenses	6.71
-------------------	------

Staff Welfare Expenses	25.96
------------------------	-------

610.70

NOTE-26

Finance Costs

Interest on Bank OD/Cash Credit	199.58
---------------------------------	--------

Interest on Car Loan	0.79
----------------------	------

Interest on Unsecured loan	303.54
----------------------------	--------

Other Borrowing Costs	11.63
-----------------------	-------

Bank Charges	1.09
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516.63



KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

Notes on Accounts:

(Rs in Lakh)

NOTE-27

Depreciation & Amortisation Expenses

Depreciation & Amortization Expenses

39.03

39.03

NOTE-28

Other Expenses

Direct Expenses

Carriage Inward	19.41
Chemical Expenses	35.27
Designing Charges	85.50
Job Work Charges	2,845.91
Labour Charges	147.29
Packaging Expense	293.58
Testing Charges	0.19
Sample Expenses	7.06

Indirect Expenses

Audit Fee	2.00
Freight Forwarding & Handling Expenses	40.89
Carriage Outward	19.88
Commsion & Brokerage	39.82
Travelling & Conveyance Expenses	27.23
Discount Expenses	71.32
Power & Fuel Charges	25.67
General Expenses	6.82
Rates & Taxes	1.37
Insurance Expense	5.24
Telephone & Internet Expenses	0.43
Interest on Tds	0.03
Loading & Unloading Expenses	28.67
Membership & Subscription Expenses	2.13
Postage & Telegram Expenses	9.56
Printing & Stationery Expenses	9.38
Legal & Professional Fees	45.95
Rent Expenses	208.57
<u>Repair & Maintenance Expenses-</u>	
Repair & Maintenance - Machinery	42.89
Repair & Maintenance - Building	11.00
Repair & Maintenance - Others	1.02
Vehicle Running Expenses	0.22
Roc Filing Fees	20.39
Rounded Off	(0.00)
Sales Promotion Expenses	62.88
Security Expenses	20.55
Sundry Balance Written Off	2.64
Prov. For Doubtful Debts	6.34
Fines & Penalties of GST & TDS	1.45
	4,148.55



KARNIKA INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS (Contd):

29. These Financial Statement are presented in Indian Rupees "INR" or "Rs." and all values are stated as IN Lakhs, unless indicated otherwise.
30. This being the first Financial Statements laid before the Company (after its incorporation) the corresponding amounts (comparatives) for the immediately preceding reporting period for all items shown in the Financial Statements including notes are not applicable for the reporting period.

31 (A) BRIEF NOTE ON THE EFFECTS OF CONVERSION UNDER CHAPTER XXI COMPANIES AUTHORISED TO REGISTER OF COMPANIES ACT, 2013

Our Company was originally formed as a Partnership Firm in the name and style of 'KARNI INTERNATIONAL', which was carrying on the business of **Manufacturing and Trading of all kinds of Readymade Garments of Babies, Boys, Girls and all kinds of dress materials in connection thereof under their joint effort in the name and style of "M/S KARNI INTERNATIONAL"** having its Principal Office and Business Place at 6, Gur Gola Ghat Road, Near Gopal Bhawan, 1st Floor, Bandha Ghat, Howrah-711106 by a Deed of Partnership dated July 21, 2017.

The existing Partners having found necessity of expanding the business, having mutually decided to admit new partners as a result of which the existing Partnership Deed was modified to admit new partners in the firm with effect from 21st Day of February, 2022.

It was also decided that the business of the Firm shall be carried out in the name and style of 'KARNI INTERNATIONAL' and shall be the business of **of Manufacturing and Trading of all kinds of Readymade Garments of Babies, Boys and all kinds of dress materials in connection thereof** and such other business as may be mutually decided by all the Partners.

Further it was also decided that the Partnership firm may be converted into Private or Public Limited Company under the Companies Act 2013 as mutually decided by the Partners from time to time for the interest of the business. Upon conversion of Partnership firm into Company the existing Partners shall become Shareholders of the Company in proportion of their fixed capital in Partnership firm on date of Conversion of firm into Company. Also the Company formed upon conversion of Partnership will continue the running business of the Partnership firm.

'KARNI INTERNATIONAL' was thereafter converted into a public limited company under the Companies Act, 2013 with the name '**KARNIKA INDUSTRIES LIMITED**' pursuant to certificate of incorporation issued on 13th April 2022 under the provisions of the Companies Act applicable in India.

Pursuant to above, there was Vesting of property on registration, Saving of existing liabilities, and continuation of pending legal proceedings from the Partnership Firm 'KARNI INTERNATIONAL' to the public limited company 'KARNIKA INDUSTRIES LIMITED'



KARNIKA INDUSTRIES LIMITED

31 (B). ACCOUNTING IMPLICATION OF THE EFFECTS OF CONVERSION UNDER CHAPTER XXI COMPANIES AUTHORISED TO REGISTER OF COMPANIES ACT, 2013

Certain Assets and Liabilities are yet to be transferred in the name of the Company due to procedural requirements and the regularisation of the same is under process.

The company have formed under conversion of M/s Karni International (a partnership firm), The Asset and Liabilities of M/s Karni International as on 12.04.2023 have transferred to the company. The Assets and liabilities are stated below.

Amount (Rs. In Lakhs)

Liabilities	Amount	Assets	Amount
Partner's Capital Account	1853.11	Property, Plant & Equipment	97.47
Long Term Borrowing	77.24	Long Term Loan & Advances	10.00
Short Term Borrowing	2416.34	Other Non - Current Assets	8.16
Trade Payables	1619.35	Inventories	2670.04
Other Liabilities	31.96	Trade Receivables	3098.43
Short Term Provision	265.16	Cash & Cash Equivalent	2.78
		Short Term Loan & Advances	241.31
		Other Current Assets	134.97
Total	6263.16	Total	6263.16

32. Segment Reporting:-

The disclosure requirements pursuant to AS17 -Segment Reporting are not applicable to the company during the year under review.

33 .The Company has not received information from vendors/ Trade Payables regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, and hence disclosure relating to amounts unpaid as at year end together with interest paid / payable under this Act has not been given.

34. In the opinion of Board of Directors, Current Assets, Loans and Advances are approximately of the same value at which these are stated in the Balance Sheet, if realized in the ordinary course of business.



KARNIKA INDUSTRIES LIMITED

35. The balances of Debtors, Creditors, Advances and Liabilities have been taken as per books, are subject to reconciliation / confirmation and consequential adjustments, if any.

36. The Cash Credit Facilities of the Company as reflected under Note no. 7 from Banks carry Interest ranging between as per sanction letter, computed on daily basis on the actual amount utilized and repayable on demand.

<u>Amount (Rs. In Lakhs)</u>			
S.no.	Bank Name	Loan Amount Outstanding as on 31.03.2023	Brief Description
1.	HDFC Bank Ltd	1518.77	CC limit having interest Rate 7.65% and secured by the way of hypothecation of the company's entire current assets including stocks, such other movables including book debts both present and future. Collateral Security 6 and 6/1, Gurgola ghat Road, Mouza-Malipanchghara Sheet-49, JJ No. -1 L R. Khaitan no. 45 Lr. Dag no. 43, Salkia,
2.	Axis Bank Ltd	1794.70	CC limit having interest Interest Rate is applicable Repo Rate Plus spread @2.40% and secured by the way of hypothecation of the company's entire current assets including stocks, such other movables including book debts both present and future. Collateral Security Holding No. 2 Hazarimal Saha Road, P.S. Malipanchghara Street Salkia.
3.	Kotak Mahindra Bank Ltd.	496.81	CC limit having interest Interest Rate is applicable Repo Rate Plus spread @2.35% and secured by the way of hypothecation of the company's entire current assets including stocks, such other movables including book debts both present and future. Collateral Security First and exclusive charges on 66/2/P Salika School Road corresponding to present holding no. 66/2/7, Salkia school Road, Howrah, -711206 and Paripassu with HDFC Bank.



KARNIKA INDUSTRIES LIMITED

37. Car Loan as on as on date of conversion stand Rs 11.66 Lakhs payable in 35 in equally monthly instalments. Car Loan secured against the hypothecation of car financed and amount due within 12 months Rs. 3.98 Lakhs is shown under short-term borrowing Note no. 5.
38. The Company incorporated on 13.04.2022 but GST registration Certificate received on 05.05.2022, due to that the sales from 13.04.2022 to 05.05.2022 of Rs. 607.97 Lakhs Shown in M/s Karni International's GST return after that the sales are shown in company GST Return.
39. The Provision for taxations includes Rs. 0.71 Lakhs (Net of Advance Tax of Rs. 11.00 Lakhs) related to M/s Karni International (a Partnership Firm).
40. Related Parties disclosure to the extent identified by the management as per Accounting Standard 18 are given hereunder:

i) Name of the Related Parties :-

a) Key Management Personal

- (1) Mr. Niranjan Mundhra - Managing Director
- (2) Mr. Shiv Shankar Mundhra - Whole Time Director
- (3) Mr. Mahesh Kumar Mundhra- Whole Time Director

b) Enterprises in which key management personnel has significant influence

- (1) Q Bazaar India LLP
- (2) Shree Karni Apparels Pvt Ltd
- (3) Shree Garments- (Prop.Jagdish Prasad Mundhra)
- (4) Shree International- (Jagdish Prasad Mundhra HUF)
- (5) Niranjan Mundhra HUF



KARNIKA INDUSTRIES LIMITED

ii) Particulars of Transactions with Related party during the year 2022-23.

Amount (Rs. In Lakhs)

A: Transaction with key Management Personnel					
<u>Name</u>	<u>Remuneration</u>	<u>Loan Repayment</u>	<u>Loan accepted</u>	<u>Rent Paid</u>	<u>Balance as on 31.03.2023</u>
Mr. Niranjn Mundhra	92.80	312.41	3,12,41	38.46	6.98
Niranjn Mundhra (HUF)	NIL	NIL	NIL	21.71	0.12
Mr. Shiv Shankar Mundhra	92.80	550.46	550.46	70.99	22.86
Mr. Mahesh Kumar Mundhra	92.80	497.01	497.01	70.99	20.78
B: Transaction with Enterprises in which management Personnel has significant influence					
<u>Name</u>	<u>Sales</u>	<u>Loan Repayment</u>	<u>Loan Accepted</u>	<u>Purchases</u>	<u>Balance as on 31.03.2023</u>
Q Bazaar India LLP	179.68	46.95	NIL	181.66	0.03
Shree Garments	1802.20	NIL	NIL	0.37	NIL
Shree International	46.66	NIL	NIL	NIL	0.89
Shree Karni Apparels Pvt Ltd	NIL	NIL	NIL	NIL	NIL

41) Defined Benefit Plans- General Description

Gratuity Expenses:

The company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 26 days salary payable for each completed year of services. Vesting occurs upon completion of five years of service. The company accounts for the liability for gratuity benefit payable in future based on an actuarial valuation the company exposed to interest risk, liquidity risk, salary escalation risk, demographic risk and regulatory risk.

The Most Recent actuarial valuation of the plan assets and the present value of the defined value defined benefit obligation were carried out as at 31.03.2023 by Ritobarta Sarkar, fellow of the Institute of Actuaries of India, partner of Willis Towers Watson Employee Benefits Actuaries LLP.



TABLE 1

Karnika Industries Limited
Gratuity Scheme
Actuarial Calculations under AS15 (revised, 2005)
Disclosure of employer expense
Local currency - INR Lakhs

Components of Employer Expense		One year Period ended
		31 March 2023
1	Current Service cost (including risk premiums for fully insured benefits)	4.22
2	Interest Cost	0.39
3	Expected Return on Plan Assets	0.00
4	Curtailment Cost / (Credit)	0.00
5	Settlement Cost / (Credit)	0.00
6	Plan Introduction Cost	0.00
7	Actuarial Losses / (Gains)	2.09
8	Total employer expense recognized in P&L	6.71
Assumptions		
	Discount Rate	7.30%



TABLE 2

Karnika Industries Limited
Gratuity Scheme
Actuarial Calculations under AS15 (revised, 2005)
Net Asset / Liability recognized in the Balance Sheet
Local currency - INR Lakhs

A	Net Asset/(Liability) Recognised in Balance Sheet – 31 March 2023	One year Period ended 31 March 2023
1	Present value of Defined Benefit Obligation	12.10
2	Fair Value of Plan Assets	0.00
3	Funded status [Surplus/(Deficit)]	(12.10)
4	Unrecognized Past Service Costs	0.00
5	Net Asset / (Liability) recognized in the Balance Sheet	(12.10)
B	Reconciliation of Net Asset / Liability recognized in Balance Sheet	
1	Net Asset / (Liability) at beginning of period	(5.40)
2	Employer (Expense)/Credit	(6.70)
3	Employer Contributions	0.00
4	Acquisitions / Business Combinations	0.00
5	Net Asset / (Liability) at end of period	(12.10)
C	Current / Non Current Liability	
1	Current Liability	(0.18)
2	Non Current Asset/ (Liability)	(1,1.92)
3	Net Asset/ (Liability)	(12.10)



KARNIKA INDUSTRIES LIMITED

**Note 42 Contingent Liabilities and Commitments to the extent not provided for
(Specify Details)**

(Rs. In Lakhs)

Particulars	For the year ended 31 March, 2023
	Rs.
Claims against the company not acknowledged as debt (specify)	NIL
Guarantees (specify)	NIL
Other money for which the company is contingently liable (specify)	NIL
Estimated amount of contracts remaining to be executed on capital account and not provided for:	
1) Advance given to Morgan Stanica for purchases of Machinery in Rs. 29.66 Lakhs (Euro 35980) and remaining amount to be paid in in Rs. 130.42 Lakhs (EURO 143920.00)	130.42
Uncalled liability on shares and other investments partly paid (specify)	NIL
Other commitments (specify nature)	NIL
Total	



KARNIKA INDUSTRIES LIMITED

Note-43

Particulars	(Rs. In lakhs)
	For the year ended 31 March, 2023
	Rs.
Value of imports calculated on C.I.F basis by the company during the financial year in respect of –	
I. Raw materials;	
II. Components and spare parts;	
III. Capital goods;	NIL

Note- 44

Particulars	(Rs. In lakhs)
	For the year ended 31 March, 2023
	Rs.
Expenditure in foreign currency during the financial year on account of Foreign Currency:	
a. Royalty	NIL
b. Technical Know how	NIL
c. Professional and Consultation Fees	NIL
d. Interest	NIL
e. Other matters :	
Travelling Expenses	4.14
Total	

*Advance given Against Machinery in EURO (35980.00) in 29.66 Lakhs in INR



KARNIKA INDUSTRIES LIMITED

Note 45

Particulars	For the year ended 31 March, 2023
	Rs.
Earnings in foreign exchange	
Export of goods calculated on F.O.B. basis;	2,065.42
Royalty, know-how, professional and consultation fees;	NIL
Interest and dividend;	NIL
Other income, indicating the nature thereof	NIL

Note 46: Additional Regulatory Informations :

- i) The Company do not have any transactions with struck off companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- ii) The Company does not hold any immovable properties.
- iii) The Company has not revalued its Property, Plant and Equipment during the financial year.
- iv) The Company has not granted Loans or Advances to promoters, directors, KMPs (as defined under Companies Act, 2013,) either severally or jointly with any other person.
- v) The company does not have Capital-Work-in Progress as at the balance sheet date.
- vi) The company does not have any Intangible assets under development as at the balance sheet date.
- vii) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.



KARNIKA INDUSTRIES LIMITED

- viii) The Company has taken borrowings from banks or financial institutions on the basis of security of current assets. Monthly Statements have filed with banks are generally in agreement with the books of accounts.
- ix) The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.
- x) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- xi) The provisions of the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the company as the Company does not have any investments in the shares of other Companies.
- xii) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.
- xiii) (A) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) shall a) directly or indirectly lend or invest in the other persons or entities identified in any other manner whatsoever by or on behalf of the company (ultimate beneficiaries) or b) provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries .
- (B) The Company has not received fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding that the company shall a) directly or indirectly lend or invest in the other persons or entities identified in any other manner whatsoever by or on behalf of the company (ultimate beneficiaries) or b) provide any guarantee, security or the like to or on behalf of the Ultimate beneficiaries .



KARNIKA INDUSTRIES LIMITED

- xiv) Undisclosed income- There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- xv) The Company has neither traded nor invested in Crypto currency or Virtual Currency during the year.
- xvi) The provisions covered under section 135 of the Companies Act, 2013, is not applicable to the Company as this is the first year of incorporation of the Company.
- xvii) Ratio Analysis of the Company are enclosed in the separate sheet attached to the notes of accounts.

Signatures for Notes of Accounts No 1 to 46

For and on behalf of the Board of Directors

For A A A J & Associates
(formerly known as Uttam Agarwal & Associates)
Chartered Accountants
Firm Registration No.322455E

Karnika Industries Limited

Deepak

CA Deepak Agarwal
Partner
Membership No. 061132



Place : Kolkata
Date : 17.06.2023
UDIN : 23061132BGVAAV8753

KARNIKA INDUSTRIES LIMITED
Niranjan Mundhra
Director

Niranjan Mundhra
DIN :5254448
Managing Director

KARNIKA INDUSTRIES LIMITED
Shiv Shankar Mundhra
Director

Shiv Shankar Mundhra
DIN :2926873
Whole Time Director

KARNIKA INDUSTRIES LIMITED

CIN- U17299WB2022PLC253035

6 & 6/1, Gurgola Ghat Road P.O. Salkia Howrah 711106

NOTES FORMING PARTS OF FINANCIAL STATEMENTS

Note-46 (xvii) Ratio Analysis:

(Rs In Lakh)

Particulars	As at 31st March, 2023			
	(Rs. in 00)	RATIO	% change	Remarks
a) Current Ratio $\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$ where, Numerator = Current Assets denominator = Current Liabilities	9,567.77 7,975.17	1.20	N.A	
b) Debt-Equity Ratio $\text{Debt- Equity Ratio} = \frac{\text{Debt}}{\text{Equity}}$ where, Numerator = Total Debt i.e. Total outside Liabilities = Non-current Liabilities & Current Liabilities Denominator = Equity = Share Capital + Reserve & Surplus	7,991.42 1,792.90	4.46	N.A	
c) Debt Service Coverage Ratio $\text{Debt service Coverage Ratio} = \frac{\text{Earning before Tax ,Int. and Dep}}{\text{Debt Service}}$ where, Numerator = Earning before Tax ,Int. and Dep = PBT + Interest Expense + Depreciation Denominator = Debt Service= Interest Expense + Principal payments on a loan	1,651.69 503.91	3.28	N.A	
d) Return on Equity Ratio $\text{Return on Equity Ratio} = \frac{\text{Net Profit after tax}}{\text{Shareholder's equity}}$ where, Numerator = Net Profit after tax Denominator = Shareholder Equity = Share Capital + Reserve & Surplus	818.21 1,792.90	0.46	N.A	
e) Inventory Turnover Ratio $\text{Inventory Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average Inventory}}$ where, Numerator = Cost of Goods sold Denominator = Average Inventory= (Opening stock +Closing stock)/2	9,616.16 4,853.67	1.98	N.A	
f) Trade receivable Turnover Ratio $\text{Trade receivable Turnover ratio} = \frac{\text{Net Credit Sales}}{\text{Average Accounts receivables}}$ where, Numerator = Net Credit sales Denominator = Average Accounts receivables =(opening+closing trade receivables)/2	12,459.24 4,021.51	3.10	N.A	
g) Trade payable Turnover Ratio $\text{Trade payable Turnover ratio} = \frac{\text{Net Credit purchases}}{\text{Average Accounts payables}}$ where, Numerator = Net Credit purchase Denominator = Average Accounts payable =(opening+closing trade payable)/2	8,365.57 2,564.29	3.26	N.A	
h) Net Capital Turnover Ratio $\text{Net Capital Turnover Ratio} = \frac{\text{Turnover}}{\text{Net Capital}}$ where, Numerator = Turnover = Revenue from Operations Denominator = net Capital = Total Assets-Current liabilities	12,605.62 1,809.15	6.97	N.A	
i) Net Profit Ratio $\text{Net Profit Ratio} = \frac{\text{Net Profit after Tax}}{\text{Revenue from Operations}}$ where, Numerator = Net Profit after tax Denominator = Turnover = Revenue from Operations	818.21 12,605.62	0.06	N.A	
j) Return on Capital Employed Ratio $\text{Return on Capital Employed Ratio} = \frac{\text{EBIT}}{\text{Capital Employed}}$ where, Numerator = Earning Before Interest & Tax(EBIT) = PBT + Interest Expense Denominator = Capital Employed= Debt + Equity	1,625.38 7,023.23	0.23	N.A	
k) Return on Investment $\text{Return on Investment Ratio} = \frac{\text{EBIT}}{\text{Investment (i.e. Total Assets)}}$ where, Numerator = Earning Before Interest & Tax(EBIT) = PBT + Interest Expense Denominator = Investment in company i.e. Shareholder's equity + All outside Liabilities	1,625.38 9,784.32	0.17	N.A	

