

Karnika Industries Limited

6 & 6/1, Gurgola Ghat Road, Howrah - 711 106, Phone: +91 33 2655 8101, 98302 28105

E-mail : info@karnikaindustries.com, GSTIN : 19AAJCK4601M1Z8, CIN : L17299WB2022PLC253035

Website-www.karnikaindustries.com

To,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor, Plot No.C/1,
G Block, Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

Date- 06.09.2025

SCRIP CODE: KARNIKA

Sub.: Regulation 34 - Notice of 3rd Annual General Meeting (AGM) & Annual Report for the Financial Year 2024-25.

Dear Sir/Madam,

This is to inform that

1. 3rd Annual General Meeting of the company is to be convened on Monday, September 29th, 2025 at 1:00 P.M through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") facility. The deemed venue of the meeting shall be the registered office of the Company.
2. Please find enclosed copy of the Notice of the 3rd AGM & Annual Report for the Financial Year 2024-25, which will be sent to the members of the Company whose e-mail address is registered with the Company / Company's Registrar and Transfer Agent, Skyline Services Private Limited ("Skyline") / Depository Participant(s)/ Depositories and which is also being uploaded on the website of the Company at www.karnikaindustries.com.

The Company is providing e-voting facility at AGM to the members through electronic voting platform of National Securities Depository Limited (NSDL). Members holding shares as on cut-off date 20th day of September 2025 may cast their votes electronically on the resolutions included in the Notice of AGM. The remote e-voting shall commence from 9:00 A.M. am (IST) on Thursday, September 25, 2025 and shall end at 05:00 p.m. (IST) on Sunday, September 28, 2025.

To support Green Initiative and as permitted by MCA and SEBI Circulars, the copy of Notice of AGM and Annual Report 2024-25 are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

Request you to kindly take the aforesaid information on your record.

Thanking You.
Yours Faithfully,
For Karnika Industries Limited

Niranjan Mundhra
Managing Director
DIN- 05254448

A Year of Momentum

Karnika Industries Limited

Annual Report 2024 - 25



A Year of Momentum

In FY 2024-25, Karnika Industries consolidated its market position with a turnover of ₹17,254.85 Lacs.

The Company continues to balance resilience with forward-looking strategies for long-term value creation.

This performance underscores Karnika's ability to combine scale with efficiency, while building visibility and trust in the market.

The complement of these strengths is expected to create a platform for profitable and sustainable growth in the years ahead.



Contents

Corporate Overview

Corporate Snapshot....	01
Managing Director's Overview....	03
Chief Financial Officer's Review....	05
Karnika's Business Model....	06

Statutory reports

Corporate Information....	09
Notice....	10
Board's Report....	23
Management Discussion and Analysis....	38

Financial Statements

Independent Auditor's Report & Financial Statements....	55
--	----

Corporate Snapshot

Karnika Industries Limited is a trusted name in kidswear manufacturing with 20+ years of expertise. Built on integrity and innovation, we transform fabrics into garments that combine style, comfort, and quality.

With a modern 200,000+ sq. ft. facility, a monthly capacity of 850,000+ units, and 500+ product designs, we support retailers across India and beyond. Backed by a dedicated team and 92% on-time delivery, we ensure consistent quality and reliability in every order.

At Karnika, we go beyond manufacturing and offer fabric variety, craftsmanship, and customer-first service that makes us one of the most trusted kidswear partners in the industry.

Vision

We aspire to build a future where design and purpose come together to create lasting impact. A future where creativity from India resonates globally, and every product tells a story of culture, responsibility, and progress.

Mission

Karnika Industries Limited is committed to creating a unique fashion ecosystem, offering the widest range of kidswear at exceptional value while using superior-quality raw materials. As a well-managed, financially sound, and customer-centric garment manufacturer, we strive to produce innovative designs with a highly skilled workforce, ensuring compliance with all applicable social and ethical standards.

Values

We are guided by innovation that inspires progress, sustainability that shapes every creation, and integrity that defines every decision.

Passion for Innovation

Our design team transforms cultural nuances and trends into garments that tell a story. Each outfit reflects our culture, style, and the joy of childhood, creating a truly distinctive experience.

Environmentally Sound

Safe and eco-friendly at every step of our production process. From choosing raw materials to eco-conscious packaging, we prioritize human and environmental well-being in all operations.

Accurate & Consistent

We focus on precision in every garment, from fabric selection to cutting-edge printing techniques and stitching, ensuring durability, comfort, and a perfect finish.

Trustworthy

We honor our commitments, building long-term relationships with clients based on transparency, ethical conduct, and consistent delivery.

History

Karnika Industries Limited founded in 2017 as Karni International, a partnership firm, and later transitioned into a Public Limited Company. Headquartered in Kolkata, West Bengal, the Company is led by Mr. Niranjana Mundhra, Managing Director, with Mr. Shiv Shankar Mundhra and Mr. Mahesh Kumar Mundhra

serving as Whole-time Directors. Together, they bring extensive experience and expertise in garment manufacturing.

Over the years, we've expanded nationwide, becoming a Public Limited Company in 2022 and proudly listing on the SME emerge platform in 2023. Today, we continue our journey of creating kids' fashion that lasts, delights, and supports every playful moment.

The Company operates manufacturing units in Howrah and Manesar, and distributes its products across 28 states in India, ensuring a strong national footprint.

Our Products

Karnika Industries produces a diverse range of kidswear through job work, including shorts, joggers, capris, tees, rompers, sleep suits, pyjamas, winter wear, and infant clothing. We offer high-quality fabrics and provide alternatives for existing collections, adding value in pricing, quality, and timely delivery. The Company has also ventured into manufacturing jeans for adults.

Our products are sold under the brand KARNIKA, with sub-categories including KARNIKA Care, KARNIKA Cool, KARNIKA Cube, KARNIKA Life, KARNIKA Key, and KARNIKA Club. Over the years, we have built a reputed base of clients and commission agents across India.

Operations

Karnika Industries operates ISO 14001:2015 certified units for design, sampling, quality inspection, ironing, and packing. Products are manufactured through job work, efficiently fulfilling bulk requirements while maintaining high standards of quality and consistency.

As of March 31, 2025, the Company employs 134 individuals on payroll, with a stable and skilled workforce.

Market Capitalization

Karnika Industries Limited was listed in 2023 under the Emerge Platform of the National Stock Exchange (NSE). As of March 31, 2025, the Company's market capitalization stood at ₹796.92 crores, reflecting sustained growth, financial integrity, and stakeholder trust

Strategic Overview

At Karnika Industries, we are driving a paradigm shift in kidswear, combining visionary growth with uncompromising quality and impact.



As the Managing Director of Karnika Industries, I am proud to present our performance for the year under review. The Company achieved revenue of ₹17,627.97 lacs in FY 2024-25, with EBITDA rising 54.54% to ₹ 2976.36 Lacs and net profit increasing 78.43% to ₹ 1803.04 Lacs. Our EBITDA margin improved from 14.99 % to

16.88 %, and net worth strengthened from ₹ 5310.78 Lacs to 7101.42 Lacs.

These results reflect our strong operational foundation and strategic focus. With an enhanced market position and growth capital, Karnika Industries is well-positioned to accelerate sustainably, delivering value to our stakeholders

while continuing to set benchmarks in quality, innovation, and children's apparel.

At Karnika Industries, much of our optimism comes from the unfolding India story. India's textile industry is one of the largest and most dynamic sectors globally, with a rich cultural heritage and diverse production capabilities. In 2025, India has emerged as a global textile leader, driven by both domestic demand and expanding exports.

Government initiatives, including the "Farm to Fibre, Fabric, Fashion, and Foreign Markets" vision and the Production Linked Incentive (PLI) Scheme, have created a robust ecosystem for growth. India's textile exports, already at ₹3 lakh crore, are targeted to reach ₹9 lakh crore by 2030, reflecting the country's push to strengthen manufacturing, and expand global reach.

Rising disposable incomes, the growth of e-commerce, and changing consumer preferences are transforming the domestic market. The 0–14 age group, representing 26% of the population, is driving a consistent increase in demand for children's apparel. Innovations in smart textiles, technical fabrics, digital printing, and sustainable manufacturing practices are further enhancing product quality, functionality, and appeal.

The convergence of demographic advantage, technological innovation, and policy support positions India as a textile powerhouse, offering companies like Karnika Industries a long-term, runway to grow while contributing to India's leadership in global fashion and textiles.

Competitive Strengths

Karnika Industries is strategically positioned to leverage the growth of India's textile and children's apparel market. Our comprehensive product portfolio spans infants to children, making us a one-stop solution for diverse customer needs.

We are not just a volume manufacturer; our proprietary design team drives creativity, ensuring each garment combines style, comfort, and functionality. The Company has enhanced production efficiency, reduced turnaround times, and implemented governance-centric practices that prioritize safety, compliance, and operational excellence.

Our dedicated sales team enables deeper market penetration, while freeing our production and design teams to focus on quality and innovation. Exports to the Middle East target the growing demand of the Indian diaspora. In addition, participation in trade shows and exhibitions has also strengthened our brand visibility across India.

Further, our entry into the fabric segment provides customers with alternative options, adding value in pricing, quality, and delivery. Sustainable practices and process improvements reinforce our commitment to producing eco-friendly, high-quality garments.

With these strengths, Karnika Industries is well-equipped to capture emerging opportunities, maintain leadership in design-driven kidswear, and deliver long-term value to all stakeholders.

Future Approach

Karnika Industries will leverage growth capital to accelerate expansion, focusing on product quality, operational efficiency, and market reach. Investments in innovative fabrics, eco-friendly practices, and advanced manufacturing will strengthen our value proposition.

Strategic initiatives in exports, supply chain optimization, and brand visibility will reinforce our position as a design-driven leader in children's apparel. We remain committed to delivering growth, and long-term stakeholder value while shaping the future of India's kidswear industry.

Performance Review

A Year of Strategic Execution and Financial Fortification



FY 2024-25 marked a significant phase in Karnika Industries' growth trajectory. Our focus was on strengthening operational efficiency, optimizing financial performance, and positioning the Company for scalable expansion. The year witnessed reduced production turnaround times and enhanced output quality.

From a financial standpoint, Karnika delivered solid results. Revenue growth remained robust, supported by both domestic demand and a measured expansion into international markets. Cost management initiatives and process optimizations contributed to improved EBITDA margins.

The Company also expanded its product portfolio to cater to evolving consumer preferences, particularly in eco-conscious and design-driven segments, while reinforcing governance, compliance, and supply chain resilience. Strategic brand-building and targeted marketing campaigns enhanced market visibility and consumer engagement across key channels.

Collectively, these measures not only stabilized operations but also built a strong platform for future growth. With a fortified financial position, enhanced operational capabilities, and a clear strategic roadmap, Karnika Industries is well-positioned to capture emerging opportunities, sustain profitability, and deliver long-term stakeholder value.

Our Business Model

From Concept to Closet

Karnika Industries operates an order-driven business model, ensuring production aligns with confirmed demand to maximize efficiency and minimize inventory risk. Our manufacturing, processing, and trading facilities are optimized for capacity utilization, enabling scalable operations across markets.

Strong relationships with quality raw material suppliers ensure reliability, cost efficiency, and uninterrupted supply. The Company's diverse product portfolio—from infant wear to pre-teens—positions Karnika as a one-stop solution for clients, while long-term relationships with over 90% repeat customers provide stable revenue streams.

Operational excellence is driven by a seasoned management team, leveraging industry expertise to maintain consistent quality, timely delivery, and strategic agility. Investments in advanced manufacturing technologies and optimized supply chain practices reinforce our ability to respond swiftly to market demand and sustain growth.

Karnika's model is scalable, customer-centric, and resilient, providing a strong foundation for continued expansion and value creation in the evolving kidswear market.

Key Focus Areas:

- Strengthen long-term relationships across stakeholders.
- Expand the product portfolio to sustain growth.
- Reinforce leadership in the garment manufacturing industry.
- Remain competitive through customized services and a widening product range.
- Offer a diverse kidswear portfolio including shorts, joggers, capris, tees, rompers, sleep suits, pyjamas, winter wear, and infant wear.

- ISO 14000:2015 - Certified for Environmental Management Systems, adhering to strict quality standards.
- Maintain skilled personnel, well-equipped facilities, and robust manufacturing infrastructure to ensure consistent product quality.
- Ensure timely order fulfilment and optimize procurement policies for cost-efficient production.

Our Production

Overview

At Karnika Industries, manufacturing efficiency forms the cornerstone of our strategy, enabling the production of high-quality kidswear while optimizing costs and minimizing waste. Over the past year, we manufactured over 45 lakh pieces. Our integrated processes, advanced machinery, and stringent quality controls ensure every garment meets exacting standards, enhancing reliability, customer satisfaction, and market competitiveness. Operating from state-of-the-art facilities in Howrah and Manesar, we are positioned to respond swiftly to changing consumer preferences and evolving fashion trends.

Strengths

- Expertise in managing blended fabrics including cotton, polyester, and viscose, ensuring superior comfort and durability.
- Extensive range of fabrics, including non-allergenic natural fibers, supporting a diverse kidswear portfolio.
- Eco-friendly manufacturing processes aligned with ISO 14001:2015 Environmental Management standards.
- State-of-the-art machinery and automated systems for cutting, stitching, printing, and embroidery.
- Comprehensive quality inspection at every stage to maintain product consistency.
- Direct yarn procurement tailored to client specifications for optimal material quality.

- Enterprise Resource Planning (ERP) system and AutoCAD/Optitex design technology for real-time production tracking, digital pattern-making, and efficient resource management.

Our Brand

At Karnika Industries, branding and marketing are central to establishing a distinct identity in the competitive children's apparel market. The Company leverages these tools to build visibility, foster customer loyalty, and drive sales by emphasizing quality, innovation, and style in its products.

Dedicated Marketing and Design Expertise

- A specialized team led by promoter-directors with extensive industry experience monitors fashion trends, market demand, and customer preferences.
- Insights from market research inform the design and production of garments that explore new markets while retaining existing customer bases.

Client Base and Market Reach

- Karnika maintains strong relationships with commission agents, retailers, and distributors, with a focus on long-term partnerships and repeat business.
- Over 90% of revenue comes from clients associated for more than three years, reflecting high customer retention and trust.
- The Company markets products under multiple brand names across India and is expanding into international markets, particularly Southeast and Middle East Asia.

Competitive Strengths

- Consistently delivering quality products at competitive prices strengthens brand credibility.
- The Company adapts to evolving fashion trends and customer

preferences, ensuring relevance in a dynamic market.

- Focused on customer satisfaction through reliable service, timely delivery, and integrated offerings.
- Technical capabilities and quality assurance measures provide an edge over both organized and unorganized competitors.

Strengthening Initiatives

- **Trade Shows & Exhibitions:** Enhances brand visibility and facilitates networking with potential clients.
- **Fashion Shows:** Demonstrates creativity, quality, and innovation in children's wear.
- **Garment Fairs:** Participation generates advance orders and facilitates market expansion.
- **Product Trends & Differentiation:** Continuous monitoring of consumer preferences guides production of high-quality, comfortable, and distinctive garments.

Conversion into Sales

- Designs and patterns are shared with customers via social media and direct marketing.
- Customers place orders based on available designs, quantities, and specifications.
- Fulfilment and dispatch are managed efficiently, with garments branded under Karnika sent directly to customers from suppliers or company facilities.

Through a combination of strong branding, proactive marketing, and customer-focused operations, Karnika Industries reinforces its market position and drives sustainable growth in the kidswear segment.

Our CSR Commitment

At Karnika Industries, Corporate Social Responsibility is central to our identity as a leading kidswear manufacturer in India. Our CSR initiatives aim to create a meaningful impact across employees, communities, and the environment.

Philanthropic Efforts

Giving back is integral to our values. Through partnerships with NGOs and grassroots organizations, we support child welfare, education, and environmental conservation, including initiatives such as distributing clothes, funding school supplies, and supporting clean water projects.

Our CSR efforts focus on creating meaningful impact in the areas of child welfare, social development, animal care, and community well-

being. In FY 2024–25, we are supporting an orphanage for underprivileged children, social welfare programs through NGOs, and initiatives dedicated to Gau Seva (cow protection and care). We also extend assistance to goshalas for rescued cattle and back spiritual activities that strengthen cultural and community values. Together, these initiatives reflect our commitment to compassion, responsibility, and sustainable growth for society.

Karnika Industries' CSR journey goes beyond donations. We aim to build stronger, healthier, and more compassionate communities. By combining philanthropy, social responsibility, and environmental consciousness, our goal is to leave behind a legacy that inspires and benefits generations to come.

Corporatate Information

Executive Directors

Mr. Niranjan Mundhra (DIN- 05254448)
Chairman & Managing Director
Mr. Shiv Shankar Mundhra (DIN- 02926873)
Whole-time Director
Mr. Mahesh Kumar Mundhra (DIN- 08577538)
Whole-time Director

Non-Executive Women Director

Mrs. Kirti Mundhra (DIN- 09549207)

Independent Directors

Mrs. Kirti Taparia (DIN- 10083439)
Mr. Shashikant Soni (DIN- 09798016)

Chief Financial Officer

Mr. Krishan Kumar Karnani

Registered Address & Manufacturing Unit

6 & 6/1, Gurgola Ghat Road, P. O. Salkia,
Howrah – 711106 (West Bengal) India.

Manufacturing Unit 2

Plot No.276 Sector-7,
IMT Manesar-122050,
Distt Gurgaon (Haryana).

Registrar & Share Transfer Agents

Skyline Financial Services Private Limited
D-153A, First Floor, Okhla Industrial Area,
Phase – 1, New Delhi 110 020, India
Contact: 011-40450193-97
E-mail: info@skylinerta.com
Website: www.skylinerta.com

Bankers

Citi Bank N.A.
HDFC Bank
Hongkong & Shanghai Banking Corporation

Company Secretary & Compliance Officer

Ms. Muskan Mundhra

Statutory Auditors

AAAJ & Associates (FRN-322455E)
(Formerly Uttam Agarwal & Associates)
Chartered Accountants
115, Cotton Street
Kolkata 700007

Secretarial Auditor

Ms. Poonam Binani (COP-12552)
Practicing Company Secretary
19, Maharshi Debendra Road
Kolkata 700007

Internal Auditor

Ajay Mundhra & Associates (FRN-329704E)
Chartered Accountants
4th Floor, Centre Point,
21, Hemanta Basu Sarani,
Kolkata - 700001

NOTICE is hereby given that the 3rd Annual General Meeting (“AGM”) of the Members of Karnika Industries Limited will be held video conferencing (“VC”) /other Audio - Visual Means (“OAVM”) on Monday, 29th September, 2025 at 1:00 PM to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts of the Company for the financial year ended March 31, 2025, along with the Reports of the Directors and Auditors thereon.
2. To consider the re-appointment of Mrs. Kirti Mundhra (DIN - 09549207) as a director, liable to retire by rotation, and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

3. To appoint Mr. Suraj Kumar Singh (DIN-03592889) as an Independent Director.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 including any other Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the Article of Association of the company and on recommendation of Nomination and Remuneration Committee, Mr. Suraj Kumar Singh (DIN-03592889) who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of Act, shall after shareholders approval be appointed as an Independent Director of the company to hold office for a term of 5 (five) consecutive years commencing from 29th September, 2025, whose period of office will not be liable to determination by retirement of directors by rotation”.

4. Appointment of Mrs. Poonam Binani, Practicing Company Secretary as Secretarial Auditor.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof), and on the recommendation of Board of Directors, the approval of members shall be accorded to appoint Mrs. Poonam Binani, Practicing Company Secretary, (Peer Review No.

2345/2022) as Secretarial Auditors of the Company to hold office for a period of five consecutive years commencing from Financial year 2025-26 till Financial Year 2029-2030 on such remuneration along with applicable taxes and reimbursement of out-of-pocket expenses, as mutually agreed between the Company and the said Auditors.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be considered necessary, proper or expedient to give effect to this Resolution”.

Place: Howrah

Date: 06.09.2025

For Karnika Industries Limited

Sd/-

Chairman & Managing Director

Niranjan Mundhra

DIN: 05254448

Registered Office:

6 & 6/1, Gurgola Ghat Road, Howrah– 711106

Contact: 033-2655-8101

Email: info@karnikaindustries.com

CIN: L17299WB2022PLC25303

Website: www.karnikaindustries.com

NOTES:

1. An explanatory statement pursuant to the provisions of Section 102(1) of the Act, relating to the Special Resolution to be transacted at the AGM, is annexed hereto. Further, additional information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Circulars issued thereunder are also annexed. Further, additional information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Circulars issued thereunder are also annexed.

2. General instructions for accessing and participating in the AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting:

a. Generally, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members under Section 105 of the Act will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

b. The Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 09/2024 dated 19th September 2024 read with other previous MCA General Circulars No. 09/2023 dated 25th September 2023, 10/2022 dated 28th December 2022, 02/2022 Dated 5th May 2022, No. 20/2020 dated 5th May 2020, No. 17/2021 dated 13th April 2021 and No. 14/2021 dated 8th April 2021, circular dated May 5, 2020 read together with circulars dated April 8, 2020, April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the General Meeting ("AGM" /"EGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. Hence,

members can attend and participate in the ensuing AGM through VC/OVAM.

3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

5. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

6. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited

(NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

7. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.karnikaindustries.com/>. The Notice can also be accessed from the websites of the Stock Exchange i.e. National Stock Exchange of India Limited at www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

8. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

9. Any person or non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. 20th day of September 2025, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or call on 022 - 4886 7000 and 022 - 2499 7000. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the

Company after sending of the Notice and holding shares as of the cut-off date i.e. **20th September, 2025** may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system”.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on 25th September, 2025 at 09:00 A.M. and ends on 28th September, 2025 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 20th day of September 2025 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 20th day of September 2025.

How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <div>  App Store  Google Play </div> <div>   </div>

<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eervices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eervices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL)	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account or last 8 digits of client ID for CDSL account. The pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
7. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
9. Now, you will have to click on "Login" button.
10. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to poonammundhra15@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Aman Goyal at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to info@karnikaindustries.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
2. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at info@karnikaindustries.com. The same will be replied by the company suitably.
6. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at info@karnikaindustries.com, between **24TH September, 2025** (1.00 p.m. IST) and **25TH September, 2025** (5.00 p.m. IST). Only those Members who have pre-registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM

Other Guidelines for Members

1. The Members, whose names appear in the Registrar of Members / Beneficial Owners as on cut-off-date i.e. 20th day of September 2025 are entitled to vote on the resolutions set forth in the Notice. Remote e-Voting shall be kept open from 09.00 a.m. on 25th September, 2025 and shall end on 28th September, 2025 at 05.00 p.m.
2. In case you wish to receive a hard copy of the same, please send your request through email to our Registrars - M/s Skyline Financial Services (P) Limited at their email ID, admin@skylinerta.com by quoting your Folio No. / DP ID & Client ID No.
3. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and is holding shares as of the cut-off date i.e. 19th day of September 2024, may send a request for Login ID and password at evoting@nsdl.co.in or admin@skylinerta.com quoting their Client ID, DP ID / Folio No.
4. Your attention is also invited to the fact that the business to be transacted at the AGM shall be transacted through electronic means as the Company is providing the facility for e-voting. E-Voting particulars have already been sent to all the shareholders by National Securities Depository Limited (NSDL) through email. Any queries with regard to e-voting may please be addressed to evoting@nsdl.co.in.

Brief Profile of the Directors seeking Re-Appointment at the Annual General Meeting

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015]

Particulars	Details
Name of Director	Kirti Mundhra
Designation	Director
DIN	09549207
Age	29
Date of first appointment	01/01/2023
Board A Brief Resume of the Director & Nature of her Expertise in Specific Functional Areas; Disclosure of Relationships Between Directors Inter-Se, Manager & KMP	Mrs. Kirti Mundhra has a strong foundation in accounting, finance, and business management seeking to leverage analytical skills and knowledge of financial principles. She is the wife of Mr. Mahesh Kumar Mundhra, Whole-Time Director (DIN-08577538)
Names of Bodies Corporates in which the person also holds the Directorship and the Membership / Chairmanship of Committees of the Board	Member of Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee of Karnika Industries Limited
Names of the listed entities from which Director has resigned in the past three years	NIL
Shareholding of Non-Executive Director in the Company, including shareholding as a Beneficial Owner as on 31.03.2025	260

Place: Howrah
Date: 06.09.2025

For Karnika Industries Limited

Sd/-

Chairman & Managing Director
Niranjan Mundhra
DIN: 05254448

Registered Office:
6 & 6/1, Gurgola Ghat Road, Howrah– 711106
Contact: 033-2655-8101
Email: info@karnikaindustries.com
CIN: L17299WB2022PLC25303
Website: www.karnikaindustries.com

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013

Item No.-3

Mr. Suraj Kumar Singh (DIN-03592889) has been appointed as an Additional Director in the category of Independent Director w.e.f August 29, 2025.

The Company has received his consent for appointment as an Independent Director of the Company and declaration that he is not disqualified to be appointed as director and also that post appointment his number of directorships will be within the maximum number allowed under the Companies Act, 2013 (“the Act”). The Company has also received a declaration that he meets the criteria of independence as prescribed both under Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations.

Pursuant to Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the appointment of Mr. Suraj Kumar Singh, as above require the approval of the members of the Company within a period of 3 months from said appointment.

Accordingly, consent of the members is sought for passing Special Resolution as set out at Item No. 3 of the Notice.

None of the Directors except Mr. Suraj Kumar Singh himself and Key Managerial Personnel of the Company including their relatives are, directly or indirectly, interested in the proposed resolution.

SL. No.	Particulars	Details
1	Reason for Change Viz., Appointment	Appointment as an Independent Director
2	Date of appointment on the Board	29 th August, 2025
3	Date of Appointment/ Cessation (as applicable) & terms of appointment	29 th September, 2025
4	Brief profile (in case of appointment)	Name – Mr. Suraj Kumar Singh DIN-03592889 Email: Surajwwalth@gmail.com Field of Experience: 25+ years of experience in defence, finance, real estate, and entrepreneurship to create sustainable businesses, empower investors, and promote ethical wealth creation. Served 15 years in the Indian Navy, gaining expertise in discipline, leadership, and operational planning.
5	Disclosure of relationships between directors (in case of appointment of a director)	Mr. Suraj Kumar Singh is not related to any of the Directors or Key Managerial Personnel or Promoters of the Company.
6	Information as required under circular NSE/ CML/ 2018/ 24 issued by NSE	Mr. Suraj Kumar Singh is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Item No.: 4

In accordance with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the appointment of Secretarial Auditors shall be subject to the approval of the shareholders at an Annual General Meeting.

Mrs. Poonam Binani, Practicing Company Secretary, (Peer Review No. 2345/2022) have over 12 years of experience years in the secretarial and legal field. It's a Peer Reviewed Firm, registered with the Institute of Company Secretaries of India (ICSI). They provide impeccable professional services in Secretarial Audits, Compliance Audits, and Due Diligence within a wide spectrum of industries. They offer various advisory and compliance services under Corporate Laws, SEBI Regulations.

Mrs. Poonam Binani, has given her consent for their appointment as Secretarial Auditors of the Company and issued certificate confirming that their appointment, if made, shall be within the limits prescribed by the Institute of Company Secretaries of India.

In view of the above and the experience, efficiency and independence, the Audit Committee and Board of Directors recommended to appoint Mrs. Poonam Binani, as the Secretarial Auditors of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 24A of the SEBI Listing Regulations for a period of five consecutive years commencing from financial year 2025-26 to financial year 2029-2030 on such remuneration as shall be decided by the Board of Directors of the Company in consultation with the Secretarial Auditor.

The Board of Directors recommends the Ordinary Resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the said resolution.

Place : Howrah

Date : 06.09.2025

For Karnika Industries Limited

Sd/-

Niranjan Mundhra
Managing Director
DIN-05254448

Director's Report

Dear Members,

The Board of Directors of your Company take immense pleasure in presenting the Third Annual Report on the operational and business performance, along with the Audited Financial Statements for the financial year ended March 31, 2025.

We welcome all our shareholders and thank you for your confidence and support. We're excited to keep moving forward as a team, adding value and generating growth for our investors.

1. Financial Highlights:

(Rs. In Lakhs except in EPS)

Particulars	F.Y. 2024-25	F.Y. 2023-24
Revenue from operation	17254.85	12727.26
Other Income	373.12	118.39
Total Income	17627.97	12845.65
Profit before interest & depreciation	2976.36	1925.95
Less: Finance Cost	446.38	488.82
Less: Depreciation	112.87	77.79
Profit before tax	2417.10	1359.34
Less: Tax Expenses		
- Current Tax*	615.17	357.54
- Deferred Tax	-1.11	-8.68
Profit/(Loss) After Tax (PAT)	1803.04	1010.49
Profit/(Loss) Account Balance at the beginning of the year	1823.30	812.81
Profit available for appropriations	3626.34	1823.30
Appropriations:		
Dividend declared during the year	12.40	-
Profit/(Loss) Account balance at the end of the year	3613.94	1823.30
Earnings Per Shares (EPS)		
- Basic	14.54	8.15
- Diluted	14.54	8.15

* Current Tax includes Current Tax and Taxes paid / adjustments for earlier years.

2. Performance of the Company

One of the top kid's garment manufacturers, Karnika Industries Limited, is known for being a financially stable and well-run business. With a team of highly qualified employees, we believe in creating a broad variety of creative designs for all kinds of children's clothing, including shorts, joggers, t-shirts, capri, rompers, pyjamas, winter wear, infant wear, etc. The Company has also started a Unit to manufacture jeans for adults.

Total Revenue for the company increased to Rs. 17627.97 Lakhs in the current fiscal year from Rs. 12845.65 Lakhs in the previous year, an increase of 37.23% over the last year. The total spending for the current year was Rs. 15210.87 Lakhs as compared to Rs. 11486.31 Lakhs in the previous year, an increase of 32.43% over the last year.

This led to a notable increase in net profit, which rose to ₹ 1803.04 lakhs compared to ₹1,010.49 lakhs in the prior year, an increase of 78.43%. This remarkable expansion resulted in an earnings per share of Rs. 14.54. These results reflect the company's ongoing commitment to performance, resilience, and efficiency.

3. Green Initiative

The MCA had undertaken the Green Initiative in Corporate Governance by allowing paperless compliances by companies through electronic mode. We request all the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and the Company's continuance towards greener environment by enabling the service of the Annual Report, AGM Notice and other documents electronically to your email address registered with your Depository Participant/ Registrar and Share Transfer Agent. The Company appeals to you, its Shareholders, who are yet to register the E-mail addresses that they take necessary steps for registering the same so that you can also become a part of the initiative and contribute towards a greener environment.

4. Website

<https://www.karnikaindustries.com/> is the website of the company. All the requisite details including various Policies, Financial Results, Management Team etc., are available on the website of the company.

5. Dividend

During the year under review your directors declared its 1st Interim Dividend of Rs. 0.10 per equity share of Rs 10 each. The Total outgo amounted to Rs. 12.40 Lakhs. This was distributed to shareholders, whose names appeared on the Register of Members as on March 31, 2025.

6. Capital Structure of the Company

During the year under review, no changes took place in the Authorized and Paid-up share capital of the Company.

The Authorized Equity Share Capital of the Company is Rs. 2500.00 Lacs (Rupees Twenty-Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- each.

The Issued, Subscribed and Paid-up Share Capital of the Company is Rs.1239.95 Lacs (Rupees Twelve Crores Thirty-Nine Lacs Ninety-Five Thousand) divided into 1,23,99,500 (One Crore Twenty-Three Lacs Ninety-Nine Thousand Five Hundred) Equity Shares of Rs.10/- each.

7. Transfer to Reserves

The Company has not transferred any amount to reserves during the financial year under review. Hence, disclosure under Section 134 (3) (j) of the Companies Act, 2013 is not required.

8. Web Address of Annual Return

Annual Return for the year 2024-25 shall be made available at <https://www.karnikaindustries.com/> under Investor Relations tab "Annual Return".

9. Board of Directors and Key Managerial Personnel

In compliance with the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company maintains an appropriate and balanced composition of Executive Directors, Non-Executive Directors, and Independent Directors.

The Board of Directors comprises six (6) members, of whom two (2) are Independent Directors.

The Board comprises highly skilled members with diverse and extensive experience in the relevant area of the company's operations. They play a vital role in shaping business policies, guiding strategic decisions, and advising the top management to ensure effective execution of their responsibilities.

Directors and KMPs as on March 31, 2025, are as under:

Sl. No.	Name of Directors and KMPs	Designation
1	Niranjan Mundhra	Managing Director
2	Shiv Shankar Mundhra	Whole-Time Director
3	Mahesh Kumar Mundhra	Whole-Time Director
4	Kirti Mundhra	Non-Executive Women Director
5	Kirti Taparia	Independent Director
6	Shashikant Soni	Independent Director
7	Krishan Kumar Karnani	Chief Financial Officer
8	Muskan Mundhra	Company Secretary and Compliance Officer

In Accordance to Section 152 of the Companies Act, 2013, at least two-third of the total number of Directors (excluding independent directors) shall be liable to retire by rotation.

The Independent Directors are not subject to retirement by rotation and serve for a fixed period of office that does not exceed five years from the date of appointment.

Accordingly, Kirti Mundhra (DIN-09549207), Non-Executive Director, retires from the Board this year and being eligible, has offered herself for re-appointment.

The annexure to the notice calling the upcoming Annual General Meeting contains a brief resume and other information about Kirti Mundhra (DIN- 09549207), who is recommended for re-appointment. This information is required to be disclosed under Regulation 36(3) of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015.

10. Changes in Board of Directors and Key Managerial Personnel of the Company:

During the year under review, the designation of Mr. Shashikant Soni (DIN-10570038) changed from Additional Independent Director to Independent Director at an Extra Ordinary General Meeting held on 29th June, 2024 of the Company:

11. Board's Independence

In accordance with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, read together with Section 149(6) of the Companies Act, 2013 and the applicable rules framed thereunder, Independent Directors are classified as Non-Executive Directors.

The Company has received necessary declaration from each Independent Director of the Company stating that:

- (i) they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there is no change in the circumstances as on the date of this report which may affect their respective status as an independent director
- (ii) In compliance with Section 150 of the Companies Act, 2013 and Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, they have confirmed their enrolment in the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs.

They have confirmed that they are not aware of any circumstance or event that could reasonably be expected to affect or impair their ability to fulfil their responsibilities, in accordance with Regulation 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

Based on the said declarations received from the Directors, the Board believes, that the

Independent Directors fulfil the conditions as specified under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations and are independent of the management.

In the opinion of the Board, the Independent Directors possess the necessary expertise and experience and are individuals of high integrity and repute. They meet the criteria specified under the Companies Act, 2013 and the rules framed thereunder, and remain independent of the management.

The company's independent directors are as follows:

Ms. Kirti Taparia

Mr. Shashikant Soni

Separate Meeting of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI Listing Regulations, the Independent Directors met on 07.12.2024 without the presence of Non-Independent Directors and members of the management. During the meeting, they, inter alia, reviewed.

- a. the performance of the Chairman, Non-Independent Directors and the Board of Directors as a whole
- b. assessed the quality, quantity, and timeliness of the flow of information between the management and the Board, which is essential for the Board to effectively discharge its responsibilities.

12. Familiarisation Programme for Independent Directors

Pursuant to the provisions of the Companies Act, 2013, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has established a program to acquaint Independent Directors with the Company's business model, the industry landscape, and their respective roles, rights, and responsibilities.

Information regarding the familiarization program for Independent Directors is accessible on the Company's website at <https://www.karnikaindustries.com>.

13. Code of Conduct

The Board of Directors has adopted a Code of Conduct applicable to the Directors and Senior Management of the Company. An annual affirmation of compliance with this Code is obtained from all Directors and Senior Management personnel to whom it applies. The Code of Conduct is also available on the Company's website at <https://www.karnikaindustries.com>.

14. Board Evaluation

The Nomination and Remuneration Committee ("NRC") has formulated a Policy outlining the criteria for the evaluation of the Board and its Committees, which has been duly adopted by the Board.

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors, in their separate meeting, evaluated the performance of the Chairman and the Non-Independent Directors, and also reviewed the overall performance of the Board as a whole.

The evaluation process considered various parameters, including, inter alia, the extent of fulfilment of key responsibilities, the Board's structure and composition, the effectiveness of its processes, and the adequacy of information and overall functioning.

15. Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for the Prevention of Insider Trading, which governs the trading of securities by its directors and designated employees. The Insider Trading Policy is available on the Company's website at: <https://www.karnikaindustries.com>.

The Code mandates the submission of a Trading Plan and prior clearance for dealing in the Company's securities. It also prohibits Directors and designated employees from trading in the Company's shares while in possession of unpublished price-sensitive information or during periods when the Trading Window is closed. During the financial year 2024-25, there were no instances of non-compliance or violations under this Code.

16. Board Meetings

The Board meets frequently to discuss and decide on the Company/Business policy and strategy, in addition to other Board matters.

All Directors are informed well in advance of the scheduled Board meetings to ensure their active participation.

The quorum and frequency of the meetings were in accordance with the requirements of Secretarial Standard 1 and the provisions of the Companies Act, 2013.

Recording of Minutes of proceedings of Board and Committee meetings

The Company Secretary & Compliance Officer ensures that the minutes of all Board and Committee meetings are accurately recorded in compliance with the applicable provisions of the Companies Act, 2013 and the Secretarial Standards issued by the Institute of Company Secretaries of India.

Selection of agenda items for Board Meetings

The information required under Regulation 17(7) read with Schedule II, Part A of the SEBI Listing Regulations, along with the applicable provisions of the Companies Act, 2013, is provided to the Board as part of the meeting agenda.

Board meetings are generally conducted at the Company's Registered Office located at 6 & 6/1, Gurgola Ghat Road, Bandhaghat, Howrah – 711106.

Number of Meetings of the Board

19 (Nineteen) Board Meetings were held during the year to consider and approve various matters. The meetings were held on 02.04.2024, 08.04.2024, 22.05.2024, 27.05.2024, 31.05.2024, 06.06.2024, 21.06.2024, 15.07.2024, 16.08.2024, 30.08.2024, 05.09.2024, 28.10.2024,

24.12.2024, 26.12.2024, 10.02.2025, 17.02.2025, 07.03.2025, 13.03.2025, 22.03.2025.

The gap between any 2 (two) Board meetings during the year did not exceed 120 (one hundred and twenty) days. The requisite quorum was present for all the meetings.

Attendance of each Director at the Board meetings during the year and last Annual General Meeting and Number of shares held by the directors in the Company.

Name of the Director	No. of Board Meetings		Attendance at last AGM	No. of Shares held in the Company as on March 31, 2025
	Held	Attended		
Niranjan Mundhra	19	19	Yes	30,33,000
Shiv Shankar Mundhra	19	19	Yes	30,33,000
Mahesh Kumar Mundhra	19	19	Yes	30,33,000
Kirti Mundhra	19	17	Yes	260
Kirti Taparia	19	17	Yes	0
Shashikant Soni	19	17	Yes	0

17. Business Responsibility and Sustainability Report

In accordance with provisions of Regulation 34(2)(f) of SEBI Listing Regulations the Company being SME listed, requirement of Business Responsibility and Sustainability Report is not applicable to the Company.

18. Directors' Responsibility Statement

In accordance with Section 134(5) of the Companies Act, 2013, it is confirmed that the Annual Financial Statements for the year ended March 31, 2025, have been prepared in compliance with the applicable accounting standards and the requirements specified under Schedule III of the Act, without any material deviations.

- In the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;

- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year under review;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a going concern basis; and
- the directors have laid down internal financial controls to be followed by the

company and that such internal financial controls are adequate and are operating effectively.

- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

19. Auditors and Auditors Report

a. Statutory Auditors

M/S AAAJ & Associates, Chartered Accountants (Firm Registration No. 0322455E) were appointed as Statutory Auditors of the Company for 5 (five) consecutive years, at the 1st Annual General Meeting held on September 28, 2023 till the conclusion of the Annual General Meeting to be held in the calendar year 2028. Accordingly, they have conducted Statutory Audit for the F. Y. 2024-25.

The Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company for the F.Y. 2024-25.

As required under Regulation 33(d) of the SEBI (LODR) Regulation, 2015, the auditor has confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Auditors' Report does not contain any qualification, reservation or disclaimer. The Notes to the financial statements referred in the Auditors' Report are self-explanatory and do not call for any further comments.

b. Cost Auditors-

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not

applicable to the business activities carried out by the Company.

c. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had re-appointed Mrs. Poonam Binani, Company Secretary, [ICSI Membership No. FCS-A33638 & Certificate of Practice No. 12552] in the Board Meeting held on 27th May, 2025 to conduct Secretarial Audit of the Company for a period of 5 consecutive Financial Years ending on 2029-30. The Secretarial Audit Report for the financial year ended March 31, 2025, is annexed and marked as **Annexure-IV** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or disclaimer. The observation(s) referred in the Secretarial Audit Report are self-explanatory and do not call for any further comments.

d. Internal Auditors

Pursuant to Section 138 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 (as amended), the Board of Directors, on the recommendations of the Audit Committee, of the Company, has re-appointed M/s Ajay Mundhra & Associates, Chartered Accountants, [ICAI Firm Registration No.-329704E], as the Internal Auditors of the Company for the financial year 2024-25.

The Internal Audit Findings and Report submitted by the said Internal Auditors, for the financial year, to the Audit Committee and Board of Directors of the Company, do not contain any adverse remarks and

qualifications hence do not call for any further explanation by the Company.

20. Reporting of Fraud

During the year under review, the Statutory Auditors, and Secretarial Auditors have not reported any instances of fraud committed in the Company by its officers or employees under Section 143(12) of the Companies Act, 2013.

21. Particulars of Loans, Guarantees or Investments

During the year under review, the Company has not given any guarantee. Further, the particulars of loans and investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the standalone financial statements.

22. Particulars of Contracts or Arrangements with Related Parties

During the year under review:

- a. all contracts / arrangements / transactions entered by the Company with related parties were in the ordinary course of business and on an arm's length basis and also approved by the Audit Committee.
- b. contracts / arrangements / transactions which were material, were entered into with related parties in accordance with the Policy of the Company on Materiality of Related Party Transactions and on dealing with Related Party Transactions. The Company does not have any related party transactions, which may have potential conflict with the interests of the Company.

The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions as approved by the Board is available on the Company's website and can be accessed at <https://www.karnikaindustries.com>. There were no materially significant related party

transactions which could have potential conflict with the interests of the Company at large. Members may refer to Note 33 of the Standalone Financial Statement which sets out related party disclosures pursuant to AS - 18.

23. Committees of Board

Audit Committee

As on 31st March 2025, the Audit Committee of the Company comprises three Members, two of whom are Independent Directors. They are financially literate and possess appropriate expertise in the areas of finance, risk management, and corporate governance.

Senior Management personnel, including the Internal Auditor, are regularly invited to attend Audit Committee meetings to provide inputs and clarifications.

During the fiscal year under review, the Audit Committee met four times to discuss a variety of issues. The meetings were held on 27.05.2024, 05.09.2024, 14.11.2024 and 05.02.2025

The terms of reference of the Committee, inter alia, include:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the management, the half yearly and annual financial statements and auditor's report thereon before submission to the Board for approval.
- Reviewing the Statutory Auditor's independence and performance and effectiveness of audit process
- Reviewing, approving, or subsequently modifying transactions of the Company with related parties
- Evaluating the Company's internal financial controls and risk management systems.

- Reviewing the adequacy of the internal audit function and the outcomes of any internal investigations conducted by the internal auditors.
- Ensuring that the internal control systems for compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 are adequate and functioning effectively.
- Reviewing the functioning of the Vigil Mechanism

Composition of the Audit Committee and attendance of the members

Name of Members	Designation	Position	No. of Meetings held during the period	No. of Meetings attended
Mr. Shashikant Soni	Independent Director	Chairman	4	4
Mrs. Kirti Taparia	Independent Director	Member	4	4
Mrs. Kirti Mundhra	Non-Executive Women Director	Member	4	4

The Company Secretary and Compliance Officer of the Company acts as the secretary to the Audit Committee.

Stakeholders Relationship Committee (“SRC”)

The Stakeholders Relationship and Grievance Committee has been constituted under Section 178 of the Companies Act, 2013. The committee consists of four directors: two Independent Directors and One Whole-time Director and One Non-Executive Director.

The terms of reference, inter alia, include:

- Monitor and resolve the grievances of security holders.
- Oversee the performance of the Company’s Registrar and Transfer Agents;
- Review the Company's activities related to Health, Safety, and Sustainability initiatives.

A meeting of the Stakeholders Relationship and Grievance Committee was held on 04.02.2025.

Composition of the SRC and attendance of the members for the year:

Name of Members	Designation	Position	No. of Meetings held during the period	No. of Meetings attended
Mr. Shashikant Soni	Independent Director	Member	1	1
Mrs. Kirti Taparia	Independent Director	Member	1	1
Mrs. Kirti Mundhra	Non-Executive Women Director	Member	1	1
Mr. Shiv Shankar Mundhra	Whole-Time Director	Member	1	1

The Company Secretary and Compliance Officer of the Company acts as the secretary to the SRC. No complaint was received from the Stakeholders throughout the year under review.

Nomination and Remuneration Committee (“NRC”)

The Nomination and Remuneration Committee of the Company was constituted in accordance with Section 178 of the Companies Act, 2013.

The terms of reference, inter alia, include:

- Determination and recommendation of criteria for the appointment of Executive, Non-Executive, and Independent Directors to the Board, as well as recommending to the Board the appointment or re-appointment of Key Managerial Personnel.
- Review and approve the compensation or remuneration payable to Senior Management Personnel, Executive and Non-Executive Directors, and recommend the same to the Board, along

with recommending the Remuneration Policy of Key Managerial Personnel and other employees.

- Recommend to the Board the setup and composition of the Board and its Committees.
- Examine and evaluate the performance of the Board of Directors and Senior Management Personnel, including Key Managerial Personnel
- Succession planning for Board of Directors and Senior Management Employees;
- Oversee familiarization programs for Directors.

Currently, the Nomination and Remuneration Committee consists of one non-executive and two independent directors. The meeting was held on 04.02.2025

Composition of the NRC and attendance of members:

Name of Members	Designation	Position	No. of Meetings held during the period	No. of Meetings attended
Mr. Shashikant Soni	Independent Director	Chairman	1	1
Mrs. Kirti Taparia	Independent Director	Member	1	1
Mrs. Kirti Mundhra	Non-Executive Women Director	Member	1	1

The Company Secretary and Compliance Officer of the Company acts as the secretary to the NRC.

The Remuneration Policy is accessible on the Company’s website at <https://www.karnikaindustries.com>.

24. Share Transfer System/ Dematerialization of shares.

The Company's equity shares have been admitted into the dematerialisation system by both the depositories — National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As of March 31, 2025, a total of 1,23,99,500 equity shares had been dematerialised, representing 100% of the Company's issued, subscribed, and paid-up share capital. The Company has been assigned the ISIN **INE0MGA01012**. The status of the securities as on March 31, 2025, is as follows:

	CDSL	NSDL	TOTAL
Shares in Demat (in Nos.)	21,65,600	1,02,33,900	1,23,99,500
Physical Shares (in Nos.)	Nil	Nil	Nil

According to the terms of the Companies Act of 2013 and its rules, the transfer of shares in physical form is not permitted.

25. Deposits

The Company has not accepted any deposits from the public. Hence the directives issued by the Reserve Bank of India & the Provision of Section 73 to 76 of the Company Act 2013 or any other relevant provisions of the Act and the Rules there under are not applicable.

26. Investor Education and Protection Fund (IEPF)

The Company has paid all the dividends declared by it to the beneficiaries within 30 days. However, there are a few unpaid dividends as on the date of these report, and the list of unpaid dividends has been uploaded on the Company's website. Since the prescribed period has not yet lapsed in respect of these unpaid dividends, no amount has been transferred to the Investor Education and Protection Fund.

27. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies

(Accounts) Rules, 2014, relevant details are given hereunder.

A. Conservation of Energy

The company has been making sustained and intensified efforts to enhance its energy efficiency.

Regular servicing, updates, and overhauls are carried out to maintain machinery and equipment in peak condition, leading to reduced energy usage.

B. Technology Absorption

- The Company remains committed to embracing advanced technologies to boost productivity and improve product quality.
- In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): The Company has invested in Imported Machinery during the Financial Year 2023-24 to upgrade the technology to give value to its product. The Machine became fully operational during the same year

- The expenditure incurred on Research and Development:

	FY 2024-25	FY 2023-24	FY 2022-23
Capital Expenditure	Nil	Nil	Nil
Revenue Expenditure	Nil	Nil	Nil

C. Foreign Exchange Earnings and Outgo:

Amount in Lakhs

	F.Y. 2024-25	F.Y. 2023-24
Earnings	1591.45	1423.45
Outgo	1.68	169.32

28. Risk Management Policy

Risk Management involves identifying, assessing, and prioritizing risks, followed by coordinated actions aimed at minimizing, monitoring, and controlling the likelihood or impact of adverse events, while also enhancing the potential to seize opportunities

The Company places a strong emphasis on maintaining an effective, consistent, and sustainable risk management system as an integral part of its organizational culture. A structured risk management framework is in place, encompassing risk identification, mapping, trend analysis, exposure assessment, potential impact evaluation, and mitigation strategies. The objective is to minimize the impact of identified risks and proactively implement measures to address them.

This framework operates on a dual assessment of the probability of occurrence and the potential severity of impact. A comprehensive risk assessment process is actively underway to identify, evaluate, monitor, and manage both business and non-business risks, ensuring resilience and long-term sustainability.

29. Corporate Social Responsibility

In accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has implemented a Corporate Social Responsibility (CSR) Policy to ensure the fulfilment of its social responsibilities. The CSR Policy is available on the Company's website at <https://www.karnikaindustries.com>.

Based on the Company's profitability and turnover, it was obligated to undertake CSR activities during the financial year 2024–2025, as mandated under Section 135 of the Companies Act, 2013. Accordingly, the Company has undertaken various initiatives under the banner of "Corporate Social Responsibility (CSR)", the details of which

are provided in **Annexure – II**. These activities are in full compliance with Schedule VII of the Companies Act, 2013 and are aligned with the objectives outlined in the Company's CSR Policy.

30. Vigil Mechanism/ Whistle Blower Policy

In accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company has put in place a Vigil Mechanism / Whistle Blower Policy. This mechanism is designed to enable Directors, Employees, Vendors, Customers, and other Stakeholders to report concerns related to unethical behaviour, irregularities, misconduct, actual or suspected fraud, or any violation of the Company's policies.

The Vigil Mechanism ensures adequate safeguards against victimization of individuals who raise such concerns and provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional circumstances. The Whistle Blower Policy is available on the Company's website at

<https://www.karnikaindustries.com>.

31. Details of Subsidiary, Joint Venture or an Associate Companies

During the year under review, no Company became or ceased to be subsidiaries, joint ventures or associates of the Company.

There are no subsidiaries, joint ventures or associates of the Company.

32. Internal Financial control & its adequacy

The Company's internal financial control systems are adequate and commensurate with the size and nature of its operations. These controls are designed to provide reasonable assurance regarding the

safeguarding of assets from unauthorized use or disposition, the proper authorization and execution of transactions, and the maintenance of accurate and reliable financial and operational information.

The systems also ensure compliance with applicable accounting standards, relevant statutory requirements, and adherence to Company policies. Furthermore, the Company has established a well-defined framework for delegation of authority, including specific limits for approving capital and revenue expenditures.

33. Details of Remuneration of Directors and KMPs and Particulars of Employees

The disclosures pertaining to the remuneration of Directors and Employees, as required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure – “III”**, which forms an integral part of this Report.

Additionally, a statement containing the particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) and (3) of the said Rules is also annexed to this Report as part of **Annexure – “III”**.

34. Changes in Nature of Business

The Company is engaged in the Business of Manufacturing and Trading in Children wear. During the year under review, the Company has started its operation for manufacturing of jeans for adults.

During the financial year under review, the Company has complied with all the provisions of the POSH Act and the rules framed thereunder. Further details are as follow:

a.	Number of complaints of Sexual Harassment received in the Year	0
b.	Number of Complaints disposed off during the year	0
c.	Number of cases pending for more than ninety days	0

35. Material Changes and Commitments affecting financial position between the end of the Financial Year and date of the report.

The Company increased its Authorised Share Capital from Rs. 25 Crores to Rs. 70 Crores by a Ordinary Resolution passed at the Extra Ordinary General Meeting held on 18th August, 2025. The Company also issued 4,95,98,000 Bonus Equity Shares in the ratio 4:1 on 01st September, 2025. Accordingly, the Paid-up Share Capital of the Company increased from Rs. 12,39,95,000/- to Rs. 61,99,75,000/-

36. Details of Significant and Material Orders Passed by the Regulators, Courts and Tribunals

During the year under review there has been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

37. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has adopted a policy for prevention of sexual harassment at the workplace, in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“POSH Act”). An Internal Complaints Committee (“ICC”) has been duly constituted as per the provisions of the POSH Act to redress complaints regarding sexual harassment at the workplace.

38. Maternity Benefits

The Company affirms that it has duly complied with all provisions of the Maternity Benefit Act, 1961, and has extended all statutory benefits to eligible women employees during the year.

39. Grievance Redressal Mechanism [Sebi Complaints Redress System (SCORES)]:

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are the centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status. Your Company has been registered on SCORES and makes every effort to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint. The Company had received no complaints on the SCORES during the financial year 2024-25.

40. Details of Proceedings under the Insolvency and Bankruptcy Code, 2016

During the year, no application was made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 against the Company

41. Difference between Valuation on One Time Settlement and while availing Loan from Banks and Financial Institution:

During the year under review, the Company did not enter into any one-time settlement with any bank or financial institution. Accordingly, the disclosure regarding the difference between the amount of valuation at the time of such settlement and the valuation at the time of availing loans from banks or financial institutions is not applicable.

42. Corporate Governance & Management Discussion and Analysis Report

The Company is committed to upholding the highest standards of corporate governance

and transparency. It continuously endeavours to adopt and implement best practices in governance, with the objective of enhancing long-term shareholder value in a legal, ethical, and sustainable manner.

The Company considers it a fundamental responsibility to provide timely, accurate, and comprehensive disclosures regarding its operations and performance. In all business decisions, it remains focused on creating value for shareholders while ensuring the protection of minority shareholders' rights. Pursuant to Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable provisions, a detailed review of the operations, performance, and future outlook of the Company and its business is provided in the **Management's Discussion and Analysis (MDA) Report**. This report forms an integral part of the Annual Report and is annexed and marked as **"Annexure – I"**.

Your company is listed on the Emerge Platform of the National Stock Exchange of India Limited (NSE) under Regulation 15 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. However, the Company is not required to comply with the Corporate Governance provisions outlined in Regulations 17-27, Clause (b) to (i) and (t) of sub-regulation (2) of Regulation 46, and Para C, D, and E of Schedule V.

Therefore, the Corporate Governance Report is not included in this Report.

43. Education, Training and Development

In today's dynamic corporate landscape, training and development are not merely supportive functions—they are strategic imperatives. At Karnika, management views training as a vital investment to broaden employee capabilities and foster a culture of continuous learning.

Our structured training and development programs ensure that every team member gains consistent experience and a strong

foundation of knowledge. These initiatives are designed to align individual growth with organizational objectives, enhancing both competence and confidence.

We take a results-driven approach, treating training as a capital investment. The Karnika team prioritizes achieving tangible business outcomes, including increased productivity, operational efficiency, and enhanced effectiveness across functions.

Our ongoing commitment to upskilling and reskilling not only accelerates employee development but also strengthens our competitive edge in the market.

44. Disclosure about Secretarial Standard

The Board of Directors affirms that it has established appropriate systems to ensure compliance with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI). These systems are deemed adequate and are functioning effectively.

45. Business Responsibility & Sustainability Report (BRSR)

The Business Responsibility & Sustainability Reporting as required by regulation 34(2)(f) of the SEBI (listing obligations and disclosure requirement) regulations, 2015 is not applicable to the company for the financial year ending, March 31, 2025.

46. Other Disclosures

The Company does not have any scheme or provision for the purchase of its own shares

held by employees/ Directors or by trustees for the benefit of employees/ Directors.

The Company has not issued equity shares with differential rights as to dividend, voting or otherwise.

The Company has not issued any sweat equity shares/ESOP/ RSUs to its directors or employees; and

There was no revision of financial statements and the Board's report of the Company during the year under review.

47. Appreciation

The Board of Directors extends its sincere gratitude to the Company's shareholders, clients, bankers, and all stakeholders for their continued trust and support throughout the year. The Directors also place on record their deep appreciation for the unwavering dedication, commitment, and hard work demonstrated by employees at all levels, which has been instrumental in the Company's performance and growth.

The Company believes that its leadership team possesses the essential experience, strategic insight, and capabilities required to guide the organization through the next phase of sustained expansion. We are continuously enhancing our skillsets and strengthening our resource base to support evolving business needs. This ongoing investment in leadership and operational excellence positions the Company to deliver consistent and dependable results in the years ahead.

**For and on behalf of Board of Directors of
Karnika Industries Limited**

Sd/-
Niranjan Mundhra
Managing Director
DIN: 05254448

Sd/-
Mahesh Kumar Mundhra
Whole-Time Director
DIN: 08577538

Place: Howrah
Date: 06.09.2025

Annexure I

Management Discussion and Analysis

Forward-Looking Statement

Within the framework of applicable securities laws and regulations, certain statements in this *Management Discussion and Analysis of Financial Condition and Results of Operations* may be regarded as forward-looking. Such statements reflect the Company's goals, expectations, or forecasts and are based on assumptions and anticipated future developments.

The Company makes no assurance as to the accuracy, completeness, or realization of the forecasts and assumptions underlying the forward-looking statements contained herein. The Company undertakes no obligation to publicly update, revise, or modify any such statements in light of subsequent events, new information, or future developments.

Actual results may differ materially from those expressed or implied in these statements due to a variety of factors, including, but not limited to, changes in tax laws, government regulations, economic conditions, industry trends, and other significant events that could affect the Company's business operations and financial performance.

The financial statements are prepared in compliance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, as applicable, using the accrual basis of accounting, historical cost convention, and generally accepted accounting principles in India (Indian GAAP). Karnika Industries Limited's management has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements, reflect in a true and fair manner, the state of affairs and profit for the year.

Overview

The global economy in FY2024–25 grew at a moderate 3.3%, navigating a turbulent environment shaped by ongoing geopolitical conflicts, supply chain realignments, and intensifying tariff wars between major trading blocs. The Russia–Ukraine conflict, instability in the Middle East, and rising U.S.–China trade

frictions have collectively strained global commerce, leading to higher logistics costs, disrupted shipping routes, and volatility in commodity markets.

For India's textile and apparel industry (an export-oriented sector contributing nearly 2.3% to national GDP and about 12% to exports while also employing over 45 million people) these external shocks have had tangible effects. The imposition of 50% tariffs by the U.S. on Indian exports, including textiles and apparel, has created immediate pressures. With the United States accounting for 28–33% of India's textile and apparel exports, the industry faces the prospect of a 20–25% decline in export volumes within the next six months. Economic institutions estimate the toll on growth could be significant: GDP forecasts suggest a slowdown of 0.3 to 0.8 percentage points for the year.

Yet, India remains a resilient player in the global textile value chain. As the second-largest producer of cotton with a 24% share of global output, and holds over 4% of global textile and apparel exports, the country is strategically positioned to benefit from supply chain diversification away from tariff-impacted regions like China and Bangladesh. In FY2024–25, India's overall merchandise exports stood at USD 820.93 billion, with textiles forming a significant share. To offset tariff pressures, the government has targeted 40 new export destinations, including the UK, EU, Japan, and South Korea, while strengthening domestic consumption.

For companies in the sector, this environment underscores the dual imperative of risk management and growth. While tariff wars and geopolitical uncertainties heighten near-term challenges, India's structural advantages—robust cotton supply, integrated manufacturing, skilled labour, and proactive policy support through the PLI Scheme and PM MITRA Parks—create a pathway for sustainable expansion. The industry's focus on sustainability, digitisation, and market diversification is expected to mitigate external

shocks and reinforce India's long-term competitiveness in global textiles.

Global Garments Market Context

The global textile market has exhibited strong growth in recent years and is projected to continue expanding steadily. In 2024, the market was valued at approximately USD 1,976.84 billion, with forecasts indicating an increase to USD 2,123.72 billion in 2025. Looking ahead to 2034, the market is expected to reach USD 4,016.50 billion, growing at a CAGR of 7.35% from 2025 to 2034.

The Asia Pacific region remains the largest contributor to the global textile market, accounting for 54% of total market share in 2024, driven by easy availability of raw materials, rising demand for fashionable clothing and home furnishing products, and strong investment in the textile sector. North America is expected to register the fastest regional growth during the forecast period, fuelled by rising per capita income, demand for premium and durable clothing, and increasing urbanization. Europe is also projected to grow significantly, supported by the adoption of sustainable fabrics, online shopping trends, and favourable trade policies.

Market Segmentation and Trends

By raw materials, cotton continues to dominate the market due to its widespread use in apparel, medical textiles, and home furnishings.

From a product perspective, natural fibres led the market in 2024, supported by increasing awareness of sustainable clothing and growing use in fashion and interior applications. Synthetic fibres such as polyester are projected to grow rapidly due to their durability, cost-effectiveness, and versatile applications in apparel.

In terms of applications, fashion and clothing accounted for the largest share of the market in 2024, benefiting from rising disposable incomes, urbanization, and evolving consumer preferences for branded and customized apparel. The technical textiles segment is expected to experience the fastest growth, driven by demand for high-performance textiles in sectors such as transportation, automotive, construction, and protective clothing.

Market Drivers and Opportunities

The textile market is being propelled by multiple factors: the rising demand for sustainable and eco-friendly products, increasing government initiatives supporting textile development, innovations in fabric technology, and the growing adoption of smart textiles for sports & healthcare. Additionally, social media-driven e-commerce and digital retail platforms are enabling broader market reach and faster adoption of emerging textile trends.

Market Challenges

Despite positive growth trends, the market faces challenges, including high production costs arising from raw material price fluctuations, labour expenses, and technological investments. These factors may affect profit margins and constrain market expansion in certain regions.

While the market faces challenges such as high production costs and fluctuating raw material prices, Karnika Industries addresses these challenges by emphasizing quality, durability, and sustainability in its products. By leveraging advanced manufacturing processes, innovative designs, and eco-friendly materials, Karnika Industries ensures consistent product excellence while remaining responsive to evolving consumer demands.

Trends in Garments and Kids wear Exports

The global garment export sector is witnessing significant changes. E-commerce growth is transforming retail models, offering faster access and wider variety to consumers. Sustainable fashion, emphasizing biodegradable fabrics and ethical production, continues to gain prominence. In the kids wear segment specifically, the market is projected to grow to USD 366.72 billion by 2032, driven by customization trends, premiumization, and online retail adoption. Indian manufacturers, including Karnika, are well-positioned to capitalize on these opportunities through innovation, sustainability practices, and strategic export initiatives.

Operational Excellence and Manufacturing Strength

Karnika operates modern facilities in Howrah, West Bengal and Manesar, Haryana, integrating advanced manufacturing technologies with optimized processes. Auto-layering, high-end cutting, digital printing, CAD design, and ERP systems enable the Company to maintain high production volumes without compromising quality.

Strong quality control measures, sustainable material management, and rigorous inspections across the production cycle ensure consistent product standards, reinforcing customer trust and loyalty.

Strategic Strengths and Competitive Edge

The Company differentiates itself through a diversified product portfolio, customer-focused operations, and strong brand presence. Branding and marketing initiatives, including trade shows, fashion events, and digital campaigns, expand visibility, engage retailers and end-consumers, and support sustained market growth. Karnika's ability to adapt to shifting fashion trends, maintain timely delivery, and ensure product excellence underpins its competitive advantage in a market characterized by moderate competition from organized and unorganized players.

Risk Management and Mitigation

Karnika proactively manages key risks including labour availability, raw material price fluctuations, credit exposure, supply chain disruptions, and competitive pressures. Measures include stringent credit policies, prudent working capital management, ongoing technology investment, and strong customer relationship management. Environmental compliance and adherence to labour laws are embedded in operational processes to mitigate regulatory and reputational risks.

Internal Controls and Governance

The Company maintains robust internal control systems to safeguard assets, ensure accurate financial reporting, and monitor compliance with laws and regulations, including Companies Act, SEBI regulations, and tax provisions. Independent audit reviews and the oversight of the Board's Audit Committee ensure operational efficiency, financial integrity, and corporate governance excellence.

Human Capital and Workforce Development

Employees are central to Karnika's growth strategy. The Company prioritizes attracting, developing, and retaining top talent to foster innovation, operational excellence, and adaptability. Human resources initiatives focus on skill development, work-life balance, and inclusive workplace practices, positioning employees as key contributors to long-term business objectives.

Financial Overview

The financial performance of the Company for the year ended March 31, 2025, is as follows:

Total Revenue from Operations at Rs. 17627.97 Lacs in FY 2024-25, as against Rs. 12845.65 Lacs in FY 2023-24, representing a marginal YoY increase of 37.23%.

EBITDA was at Rs. 2976.36 Lacs in FY 2024-25 as against Rs. 1925.95 Lacs in FY 2023-24, increase of 54.54 % YoY.

Profit after Tax was Rs. 1803.04 Lacs in FY 2024-25 compared to Rs. 1010.49 Lacs in FY 2023-24, YoY increase of 78.43 %.

Basic EPS stood at Rs. 14.54 in FY 2024-25 as compared to Rs. 8.15 in FY 2023-24.

Details of Significant Changes in the Key Financial Ratios and Return on Net Worth

In accordance with Schedule V to the SEBI Listing Regulations, the following information pertains to any changes in the company's Return on Net Worth and any noteworthy changes in Key Financial Ratios (defined as changes of 25% or more from the immediately prior financial year), along with an explanation for such changes.

Particulars	FY 2024-25	FY 2023-24	(%) Variance	Explanation
Debtors Turnover (in times)	2.74	2.78	-1.41%	N.A.
Inventory Turnover (in times)	2.76	2.00	37.73%	Cost of Good Sold increased in F Y 2024-25 as compared to F Y 2023-24
Interest Coverage Ratio (number of times)	6.66	3.95	68.60%	Earning increased as compared to decrease in Finance Cost in F Y 2024-25 as compared to F Y 2023-24
Current Ratio (number of times)	1.68	1.76	-4.69%	N.A.
Debt Equity Ratio (number of times)	0.85	0.98	-13.60%	N.A.
Operating Profit Margin (%)	11.85	9.75	21.49%	N.A.
Net Profit Margin (%)	10.45	7.94	31.61%	Net Profit & Revenue from Operations increased in F Y 2024-25 as compared to F Y 2023-24
Return on Net Worth (%)	21.82	17.57	24.23%	N.A.

Outlook and Future Strategy

Karnika Industries is well-positioned to leverage both domestic and global growth opportunities. Strategic investments in technology, product innovation, sustainable practices, and supply chain optimization will enable the Company to

maintain competitive advantage, expand market share, and deliver long-term value to stakeholders. The focus on customer satisfaction, quality, and operational efficiency ensures that Karnika remains resilient and agile in an evolving marketplace.

Annexure - II

Annual Report on Corporate Social Responsibility (CSR) activities for F.Y.2024-25

1. Brief outline on CSR policy of the Company

Karnika Industries Limited ('the Company') has implemented CSR measures to ensure long-term economic performance, environmental stewardship, and social responsibility. The Company works with society beyond business because it thinks that a good business must have a greater impact in creating a better future for the communities in its environment. The company strives to end malnutrition, improve healthcare facilities, support primary education, rehabilitate abandoned women and children, animal welfare and preserve Indian art and culture. The Company's focus has always been on contributing to the long-term growth of society and the environment, as well as making our world a better place for future generations.

2. Composition of CSR Committee

Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. Mahesh Kumar Mundhra	Whole-Time Director	2	2
Mr. Shashikant Soni	Independent Director	2	2
Mrs. Kirti Taparia	Independent Director	2	2
Mrs. Kirti Mundhra	Director	2	2

The Company Secretary and Compliance Officer of the Company acts as the secretary to the CSR Committee.

During the year, the Committee reviewed and recommended to the Board the CSR Policy, CSR Activities, CSR Budget, and expenditures for Fiscal Year 2024-25. During the year, the Board adopted all the Committee's recommendations.

Corporate Social Responsibility Policy is available on the website of the Company at www.karnikaindustries.com

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the company.

Composition of CSR Committee and CSR Policy are disclosed at www.karnikaindustries.com

Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: **Not Applicable**

4. (a) Average net profit of the company as per sub-section (5) of section 135: **1234.05 Lakhs**

(b) Two percent of average net profit of the company as per sub-section (5) of section 135: **Rs. 24.68 Lakhs**

(c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: **NIL**

(d) Amount required to be set off for the financial year, if any: **0.58 Lakhs**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs. 24.10 Lakhs**

5. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 25.20 Lakhs

(b) Amount spent on Administrative Overheads: **Rs. 0.00**

(c) Amount spent on Impact Assessment, if applicable: **Rs. 0.00**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: **Rs. 25.20 Lakhs**

(e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per sub- section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
25.20 Lakhs	0.00		NA		

(f) Excess amount for set off, if any:

Sr. No.	Particulars	Amount (Rs. In Lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	24.68
(ii)	Total amount spent for the Financial Year	25.20
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.52
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	0.00
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.52

6. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount Spent in the Financial Year (in Lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any	Amount remaining to be spent in succeeding Financial Year	Deficiency, if any
					Amount	Date of transfer	if any
1.	0	0	0	0	0	0	0

7. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If yes, enter the number of Capital assets created/ acquired: **Not Applicable**

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

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
Not Applicable							

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

For and on behalf of Board of Directors of

Karnika Industries Limited

Sd/-

Chairman of CSR Committee
Mahesh Kumar Mundhra

DIN: 08577538

Date: 06.09.2025

Place: Howrah

Sd/-

Chairman and Managing Director
Niranjan Mundhra

DIN: 05254448

Annexure-III

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for FY 2024-25

Sr. No.	Name of Director & Designation	Ratio to the Median
1	Niranjan Mundhra, Managing Director	84.22
2	Shiv Shankar Mundhra, Whole-Time Director	84.22
3	Mahesh Kumar Mundhra, Whole-Time Director	84.22
4	Mrs. Kirti Mundhra*, Non-Executive Director	-
5	Mrs. Kirti Taparia*, Independent Director	-
6	Mr. Shashi Kant Soni*, Independent Director	-

*Sitting Fees is paid to the Independent Directors and Non-Executive Directors, therefore has not been counted for this purpose.

** The median Remuneration of Employee of the Company for the F Y 2024-25 – 1.14 Lakhs

2. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in FY 2024-25
Mr. Krishan Kumar Karnani, Chief Financial Officer – NIL
Ms. Muskan Mundhra, Company Secretary – NIL
3. Percentage increase in the median remuneration of employees in FY 2024-25: NIL
4. The number of permanent employees on the rolls of company as on March 31, 2025: 134
5. There is no average percentile increase in the salaries of employees other than the managerial personnel in the FY 2024-25 as compared to last financial year. Similarly, there is no increase in the managerial remuneration in the F Y 2024-25 as compared to last financial year.
6. Board affirms that the remuneration is as per the remuneration policy of the company.

For and on behalf of Board of Directors of
Karnika Industries Limited

Sd/-

Niranjan Mundhra
Managing Director
DIN: 05254448

Sd/-

Mahesh Kumar Mundhra
Whole-Time director
DIN: 08577538

Corporate Governance Report

(Listing Obligations and Disclosure Requirements) Regulations, 2015, or Part C of Schedule V concerning compliance with corporate governance, in light of the Company's listing on the National Stock Exchange of India Limited's EMERGE Platform. Additionally, as per Regulation 27(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is exempt from complying with the requirements outlined in Part E of Schedule II, and as per Regulation 27(2) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is not required to submit Compliance Reports on Corporate Governance on a quarterly basis. Therefore, it is not necessary to disclose a Corporate Governance Report together with an Annual Report

General Body Meetings Location and time, where last three AGMs were held

Financial Year Ended	Date	Time	Venue	Special Resolutions Passed
31.03.2023	28.09.2023	11:00 A.M.	Registered Office -6 & 6/1, Gurgola Ghat Road, Howrah-711106	
31.03.2024	28.09.2024	1:00 P.M.		

No special resolutions were passed in last AGM through postal ballot or in FY 2024-25. Further, no special resolution is proposed to be passed through postal ballot.



Poonam Binani
Company Secretary

19, Maharshi Debendra Road
Kolkata - 700 007
Mobile : +91 9007493201
E-mail : poonamundhra@gmail.com

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
KARNIKA INDUSTRIES LIMITED
(CIN: L17299WB2022PLC253035)
6&6/1, Gurgola Ghat Road
P.O. Salkia, Howrah,
West Bengal- 711106

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Karnika Industries Limited having CIN L17299WB2022PLC253035 and having registered office at 6&6/1, Gurgola Ghat Road, P.O. Salkia, Howrah, West Bengal - 711106 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Designation	Date of appointment in Company
1	NIRANJAN MUNDHRA	05254448	Managing Director	13/04/2022
2	MAHESH KUMAR MUNDHRA	08577538	Whole-Time Director	13/04/2022
3	SHIV SHANKAR MUNDHRA	02926873	Whole-Time Director	13/04/2022
4	KIRTI MUNDHRA	09549207	Non-Executive Women Director	01/01/2023
5	KIRTI TAPARIA	10083439	Independent Director	24/03/2023
6	SHASHIKANT SONI	10570038	Independent Director	30/03/2024



Poonam Binani
Company Secretary

19, Maharshi Debendra Road
Kolkata - 700 007

Mobile : +91 9007493201

E-mail : poonamundhra@gmail.com

Note :

1. Kirti Mundhra (DIN- 09549207), Non-Executive Director, retires from the Board this year and being eligible, has offered herself for re-appointment.

2. Mr. Shashikant Soni (DIN-10570038) has been appointed as an Independent Director at an Extra Ordinary General Meeting held on 29th June, 2024 in the Board of Directors of the Company. He was not debarred or disqualified from being appointed or continue as Directors of companies, by the Securities and Exchange Board of India (SEBI) and Ministry of Corporate Affairs (MCA).

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Place :Kolkata

Date : 1st September, 2025

Poonam Binani
Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A033638G001135948
Peer Review no. 2345/2022



Poonam Binani
Company Secretary

19, Maharshi Debendra Road
Kolkata - 700 007
Mobile : +91 9007493201
E-mail : poonamundhra@gmail.com

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March, 2025

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
KARNIKA INDUSTRIES LIMITED
(CIN: L17299WB2022PLC253035)
6 & 6/1, Gurgola Ghat Road,
P.O. Salkia, Howrah,
West Bengal- 711106

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Karnika Industries Limited** having CIN: **L17299WB2022PLC253035** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2025 (“audit period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and

compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Karnika Industries Limited (“the Company”) for the financial year ended on 31st March, 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Securities and Exchange Board of India Act, 1992 (“SEBI Act”)



(vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable to the Company during the Audit Period;**
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021- **Not applicable as there was no reportable event during the year under review;**
- e) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021- **Not Applicable as the Company has not issued and listed debt securities during the Financial Year under review;**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share**

Transfer Agent during the Financial Year under review;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- **Not Applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchanges during the Financial Year under review;**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable as the Company has not bought back / has proposed to buy-back any of its securities during the Financial Year under review.**
 - i) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;
 - j) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;
- (vii) Other Applicable Acts:
- a. Employees' State Insurance Act, 1948, and rules made thereunder;
 - b. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder;
 - c. The Payment of Bonus Act, 1965 and The Payment of Bonus (Amendment) Act, 2015;
 - d. The Payment of Gratuity Act, 1972, and rules made thereunder;



Poonam Binani
Company Secretary

19, Maharshi Debendra Road
Kolkata - 700 007
Mobile : +91 9007493201
E-mail : poonamundhra@gmail.com

- | | |
|---|--|
| <ul style="list-style-type: none"> e. The Payment of Wages Act, 1936 and The Payment of Wages (Amendment) Act, 2017; f. The Factories Act, 1948; g. Shop & Commercial Establishment Act of Applicable States; h. Child Labour (Prohibition and Regulation) Act, 1986; i. Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013 j. The Competition Act, 2002, and rules made thereunder; k. Prevention of Money Laundering Act, 2002, and rules made thereunder; l. Consumer Protection Act, 1986, and rules made thereunder; m. The Trademark Act, 1999, and rules made thereunder; n. The Indian Stamp Act, 1899, and rules made thereunder; o. Guideline with respect to SEBI KYC Registration Agency Regulation, 2011; p. Credit Information Companies (Regulation) Act, 2005 and rules made thereunder; q. The Depositories Act, 1996 and regulation and buy-laws thereunder; r. The Income Tax Act, 1961; s. Central Goods and Service Tax Act, 2017 t. West Bengal Goods and Service Tax Act, 2017 | <ul style="list-style-type: none"> u. Integrated Goods and Service Tax Act, 2017 v. The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979; w. Information Technology Act, 2000; x. The Micro, Small and Medium Enterprise Development Act, 2006; and y. The Reserve Bank of India Act, 1934. z. The Customs Act, 1962 |
|---|--|
- I have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provision of Companies Act, 2013 in respect of board and general meetings.
 - (ii) The Listing Agreements entered into by the Company with the NSE Emerge, the SME Platform of the National Stock Exchange of India Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
- During the period under review the Company has complied with the provisions of the Act, Regulations, Guidelines, Standards, etc. mentioned above.
- I further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.



Poonam Binani
Company Secretary

19, Maharshi Debendra Road
Kolkata - 700 007
Mobile : +91 9007493201
E-mail : poonamundhra@gmail.com

During the year the Company has conducted Board meetings, respective committee meetings and Independent Directors meeting. I have also examined compliance with the applicable clauses.

I further report that :

- A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- B. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the

meeting and for meaningful participation at the meeting.

- C. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions at the Board Meetings, as represented by the management, were taken unanimously and recorded in minutes.
- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable Laws, Rules, Regulations and Guidelines;
- E. The company has been regular in filing e-forms/ documents with the Regulatory Authorities under the Companies Act, 2013 and the rules made thereunder;
- F. During the review period, there were no specific instances / actions in the Company in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards etc. having major bearing on the Company's affairs.

Sd/-

Place :Kolkata
Date : 02nd September, 2025

Poonam Binani
Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A033638G001136883
Peer Review no. 2345/2022

Note : This report is to be read along with or letter of even date which is annexed as Annexure A forms an integral part of this report.



Poonam Binani
Company Secretary

19, Maharshi Debendra Road
Kolkata - 700 007
Mobile : +91 9007493201
E-mail : poonamundhra@gmail.com

“ANNEXURE A”

To
The Members,
KARNIKA INDUSTRIES LIMITED
(CIN: L17299WB2022PLC253035)
6&6/1, Gurgola Ghat Road
P.O. Salkia, Howrah,
West Bengal- 711106

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Where ever required obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management My examination was limited to the verification of procedures on test basis.
6. The List of Laws applicable to the Company stated in the Secretarial Audit Report is as Confirmed by the management of the Company. The Secretarial Audit Report is neither an assurance nor a confirmation that the list is exhaustive.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Place :Kolkata
Date : 02nd September, 2025

Poonam Binani
Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A033638G001136883
Peer Review no. 2345/2022

INDEPENDENT AUDITOR'S REPORT

To the Members,
Karnika Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **KARNIKA INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2025, and the Statement of Profit and Loss and Statement of Cash Flows for the year then ended, 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 principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its profit and its Cash Flow for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we

have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion 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 have not observed any key audit matters required to be reported separately.

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

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report 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 identified above when it becomes available 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.

Responsibility of Management for Financial Statements

The Company's Management and Board of Directors are 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 of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, the Management and Board of Directors are 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 the Management and the Board of Directors either intends to

liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also 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 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 judgement 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act,

2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements 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 and Board of Directors
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of Financial Statements 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.

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 of the current period 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. A. 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 of 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 Statement of Cash Flow 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 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2025 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure – B”. Our report expresses an unmodified opinion on the adequacy operating effectiveness of the company's internal financial controls over financial reporting.

B. 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:

(a) The Company does not have any pending litigations which would

impact on its financial position.

(b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

(d) The Management has represented that, to the best of its knowledge:

i. 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 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 ultimate beneficiaries.

ii. no funds have been received by the company from any person(s) or entity(ies) including foreign entities (“Funding Parties”) with the understanding whether in writing or otherwise, that such company shall directly or indirectly, lend or invest in

other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate beneficiaries.

- iii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause iv(a) and iv(b) contain any material misstatement.

- (e) Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software:

Further, for the periods where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

The Audit Trail has been preserved by the Company as per the statutory requirements for record retention.

- C. The dividend declared by the Company during the year has been paid until the date of this audit report is in compliance with Section 123 of the Act.
- D. With respect to the matter to be included in the Auditor's 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 2025 has been paid /provided by the company to its directors is in accordance with the provisions of section 197 of the Act.

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

Sd/-

CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 27.05.2025
UDIN: 25061132BMIYTN1259

Annexure “A” to the Independent Auditor's Report

Referred to in Paragraph 1 under the heading “Report on other Legal Regulatory Requirement” of our report of even date to the financial statement of the company for the year ended March 31, 2025.

(i) In respect of the Company's Property, Plant and Equipment:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant, and equipment.

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 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 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 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 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 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) 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.

During the year company has been sanctioned/Renewed working capital limits in excess of five Crore rupees on the basis of security of current assets. As explained to us Company is regular in submission of quarterly statements to bank. As explained by the management and based on review of Stock statements submitted to banks, we are of the opinion that data provided in stock statement are as per best available quantities subject to physical verification. There is no material

difference between stock statement submitted to bank and books of accounts, although difference can arise due to method of valuation, physical verification, return of goods, shortage, wastage, Debit and credit notes and reconciliation of debtors and creditors. There are no material differences which require specific reporting.

- (iii) The Company has made Investment in Securities and granted loans or advances, unsecured in nature to companies, firms, limited liability partnerships or any other parties during the year, in respect of which:

- (a) The Company has provided Loans during the year and details of which are given below:

Aggregate amount paid during the year	Loans (Rs. In Lakhs)
Others	1888.00
Balance outstanding as at Balance Sheet date (including Interest receivables)	
Others	885.36

- The Company has not provided any guarantee to any entity during the year.
- (b). The Investments made and the Loans provided during the year are, in our opinion, no prejudicial to the Company's Interest.
- (c). In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated, and the repayments or receipts are regular.
- (d). According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the Balance Sheet date.
- (e). No loans granted by the Company which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

- (f). According to information and explanations given to us and based on the audit procedures performed, the Company has not granted loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.
- (iv) The Company has not granted loans or provided guarantees or securities to parties covered under Section 185 of the Companies Act, 2013 (“the Act”). The Company has complied with the provisions of Section 186 of the Act in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause (v) of Paragraph 3 of the Order is not applicable to the Company.
- (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 Act for the products manufactured by it. Accordingly, clause (vi) of Paragraph 3 of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including

goods and services tax, provident fund, employees’ state insurance, Income Tax, duty of customs, and other statutory dues applicable to it.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable.

According to the information and explanations given to us, there are no statutory dues of Goods & Service Tax, Provident fund, Employees’ State Insurance, Income-tax, Duty of Customs, 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) 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 on repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- 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 willful defaulter by any

bank or financial institution or government or government authority.

- c. 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 utilized the monies obtained by way of term loans during the year for the purposes for which they were obtained.
- 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 raised on a short-term basis have been utilized for long-term purposes by the Company.
- 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, joint venture associates or as defined under the Companies Act, 2013. Accordingly, clause (ix)(e) of Para 3 of the Order is not applicable
- f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint venture or associate companies as defined

under the Companies Act, 2013. Accordingly, clause (ix)(f) of Para 3 of the Order is not applicable.

- (x) a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- 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 made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause (x)(b) of Para 3 of the Order is not applicable.
- (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
- b. According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- c. According to information and explanation given to us by the Management No whistle blower complaints were received by the company during the year.
- (xii) According to information and explanation given to us, the Company is not a Nidhi Company. Accordingly, clause (xii) of para 3 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 financial statements as required by the applicable Accounting Standards.
- (xiv) a. Based on information and explanations provided to us and our audit procedures, the Company has an internal audit system commensurate with the size and nature of its Business in accordance with Section 138 of the Companies Act, 2013;
- b. We have considered the reports of the Internal Auditors issued for the period under audit.
- (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) a. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable;
- b. Based on examination of the books and records of the Company and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause (xvi)(c) of Para 3 of the Order is not applicable.;
- d. According to the information and explanations provided to us during the course of audit, the Company does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) of Para 3 of the Order is not applicable;
- (xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year;
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of Para 3 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 realization of financial assets and payment of financial liabilities, 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 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section 5 of Section 135 of the Companies Act, 2013, pursuant to any project. Accordingly, clauses (xx)(a) and (xx)(b) of Para 3 of the Order are not applicable.

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

Sd/-

CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 27.05.2025
UDIN: 25061132BMYITN1259

“Annexure B” to the Independent Auditor's Report

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of Karnika Industries Limited (“the Company”) as of March 31, 2025, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements and Board of Directors' Responsibilities for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with

reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgement, 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 with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to financial statements 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 with reference to financial statements includes those policies and procedures that.

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- b. 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
- c. 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements 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

Sd/-

CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 27.05.2025
UDIN: 25061132BMYTN1259

Balance Sheet as at 31st March, 2025

(Rs. in Lakhs)

PARTICULARS	Note No.	As at 31.03.2025	As at 31.03.2024
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	3	1,239.95	1,239.95
(b) Reserves & Surplus	4	5,861.47	4,070.83
		7,101.42	5,310.78
2 Non-Current Liabilities			
(a) Long Term Borrowings	5	132.46	186.19
(b) Long Term Provision	6	16.53	18.32
		148.99	204.50
3 Current Liabilities			
(a) Short Term Borrowings	7	5,887.27	5,024.07
(b) Trade Payables			
(i) Total outstanding dues to micro & small enterprise	8	217.55	59.39
(ii) Total outstanding dues to other than micro & small enterprise		1,878.45	1,266.42
(c) Other Current Liabilities	9	194.49	86.99
(d) Short Term Provisions	10	31.27	33.94
		8,209.02	6,470.81
TOTAL		15,459.43	11,986.10
II. ASSETS			
1 Non-current Assets			
(a) Property, Plant & Equipment and Intangible Assets			
(i) Property, Plant and Equipment	11	734.26	506.44
(ii) Intangible Assets		8.29	1.39
(b) Non Current Investment	12	866.32	-
(c) Deferred Tax Asset	13	12.81	11.70
(d) Long Term Loan & Advances	14	-	10.00
(e) Other Non Current Asset	15	36.09	41.22
		1,657.77	570.75
2 Current Assets			
(a) Inventories	16	5,000.99	4,757.58
(b) Trade Receivables	17	7,456.84	5,137.91
(c) Cash and Cash Equivalents	18	110.03	1,153.41
(d) Short-term loans and advances	19	993.52	58.69
(e) Other Current Asset	20	240.27	307.76
		13,801.66	11,415.35
TOTAL		15,459.43	11,986.10
Accompanying notes forming part of the financial statements(1-37)			

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

sd/-

CA Deepak Agarwal
Partner
Mem.No. 061132

Place: Kolkata
Date : 27.05.2025
UDIN : 25061132BMYITN1259

For and on behalf of the Board of Directors

Sd/-
Niranjan Mundhra
(Managing Director)
DIN: 05254448

Sd/-
Shiv Shankar Mundhra
(Whole-Time Director)
DIN: 02926873

Sd/-
Krishan Kumar Karnani
(Chief Financial Officer)

Sd/-
Muskan Mundhra
(Company Secretary)

Statement of Profit & Loss for the Year Ended 31st March, 2025

		(Rs. in Lakhs)	
PARTICULARS	Note No.	Year Ended	
		31-Mar 2025	31-Mar 2024
I. Revenue From Operations	21	17,254.85	12,727.26
II. Other Income	22	373.12	118.39
III. Total Income		17,627.97	12,845.65
IV. Expenses			
(a) Cost of Materials Consumed	23	7,116.13	4,287.21
(b) Purchase of Stock-in-Trade	24	2,906.91	2,010.61
(c) Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	25	-467.63	179.71
(d) Employee Benefit Expenses	26	601.27	664.39
(e) Finance Cost	27	446.38	488.82
(f) Depreciation and amortisation	11	112.87	77.79
(g) Other Expenses	28	4,494.93	3,777.77
Total Expenses		15,210.87	11,486.31
V. Profit/Loss before exceptional items, extraordinary items & Tax (III-IV)		2,417.10	1,359.34
VI. Exceptional & extraordinary Items		-	-
VII. Profit/Loss from ordinary activities before Tax (V-VI)		2,417.10	1,359.34
VIII. Tax expense:			
Current Tax		616.00	354.00
Tax paid for earlier year		-0.83	3.54
Deferred Tax		-1.11	-8.68
Total Tax Expenses		614.06	348.85
IX. Profit/(Loss) from continuing operation after TAX (VII-VIII)		1,803.04	1,010.49
X. Earning Per Shares (In Rupees)			
Basic		14.54	8.15
Diluted		14.54	8.15
Accompanying notes forming part of the financial statements(1-37)			

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

Sd/-

CA Deepak Agarwal
Partner
Mem.No. 061132

Place: Kolkata
Date : 27.05.2025
UDIN : 25061132BMYITN1259

For and on behalf of the Board of Directors

Sd/-
Niranjan Mundhra
(Managing Director)
DIN: 05254448

Sd/-
Shiv Shankar Mundhra
(Whole-Time Director)
DIN: 02926873

Sd/-
Krishan Kumar Karnani
(Chief Financial Officer)

Sd/-
Muskan Mundhra
(Company Secretary)

Cash Flow Statement for the year ended 31st March, 2025

(Rs. in Lakhs)

Particulars	As at 31.03.2025		As at 31.03.2024	
	Audited		Audited	
A Cash Flow from Operating Activities				
Net Profit Before Tax		2,417.10		1,359.34
Adjustments for:				
Depreciation	112.87		77.79	
Interest & Finance Charges	446.38		488.82	
Transaction charges in relation to investments	6.16		-	
Profit on Sale of Shares / Mutual Funds	-173.74		-	
Provision for Gratuity	-1.78		6.30	
Adjustment for unrealised foreign exchange	13.47		-	
Dividend Income	-0.66		-	
Interest Received	-100.24	302.46	-5.26	567.66
Operating Profit before Working Capital Changes		2,719.57		1,927.00
Adjustments for:				
Decrease/(Increase) in Inventories	-243.42		96.09	
Decrease/(Increase) in Trade Receivables	-2,332.46		-1,116.40	
Decrease/(Increase) in Short Term Loans and Advances	-49.48		19.36	
Decrease/(Increase) in Other current assets	67.49		151.59	
Decrease/(Increase) in Other non-current assets	5.13		-20.55	
Increase/(Decrease) in Trade Payables	770.19		-1,238.49	
Increase/(Decrease) in Short Term Provisions	-2.68		31.06	
Increase/(Decrease) in Other Current Liabilities	95.09	-1,690.13	-94.90	-2,172.24
Cash generated from Operations		1,029.44		-245.24
Income Tax paid		615.17		357.54
Net Cash flow from Operating activities		414.27		-602.78
B Cash Flow from Investing Activities				
Purchase of Shares / Mutual Fund held as Investments	-2,671.73		-	
Sale of Shares / Mutual Fund held as Investments	1,979.15		-	
Loan given to corporate and Others (Net)	-885.36		-	
Sales/(Purchases) of Fixed Assets	-347.60		-432.41	
Transaction charges in relation to investments	-6.16		-	
Dividend Received	0.66		-	
Interest Received	100.24		5.26	
Net Cash used in Investing activities		-1,830.79		-427.16
C Cash Flow from Financing Activities				
Proceeding from Issue of Shares through IPO Allotment	-		2,507.39	
Proceed/(Repayment) in Short Term Borrowings (Net)	863.20		-201.94	
Repayment of Long Term Loans and Advances (Net)	10.00		29.66	
Proceed/(Repayment) of Long Term Borrowings (Net)	-53.73		181.86	
Interest paid	-446.38		-488.82	
Net Cash used in Financing Activities		373.08		2,028.16
D Effect of exchange rate changes on cash and cash equivalents	-	0.05	-	-
Net Increase in Cash & Cash Equivalents		-1,043.38		998.22
Cash and Cash equivalents as on beginning of the year (refer note below)		1,153.41		155.19
Cash and Cash equivalents as at end of the year (refer note below)		110.03		1,153.41
Notes: Cash and Cash Equivalents includes term/fixed deposits				

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

Sd/-

CA Deepak Agarwal
Partner
Mem.No. 061132

Place: Kolkata
Date : 27.05.2025
UDIN : 25061132BMYTN1259

For and on behalf of the Board of Directors

sd/-
Niranjan Mundhra
(Managing Director)
DIN: 05254448

sd/-
Shiv Shankar Mundhra
(Whole-Time Director)
DIN: 02926873

sd/-
Krishan Kumar Karnani
(Chief Financial Officer)

sd/-
Muskan Mundhra
(Company Secretary)

1. COMPANY INFORMATION

The Company is primarily engaged in the 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 and Trade Name – “Karnika”. During the year, the Company has started its manufacturing of jeans for adults.

Karnika Industries Limited the Company) is a public company domiciled in India and was incorporated on 13th April 2022 under the provisions of Companies Act, 2013. The Company's Registered and Corporate office is located at 1st Floor, 6 & 6/1, Gurgola Ghat Road, P. O. Salkia, Howrah – 711106 (West Bengal) India

2. BASIS OF PREPERATION AND SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (“Indian GAAP”). The Company has prepared the Financial Statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act), read with Companies (Accounting Standards) Rules, 2021 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) 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 accrual basis and under the historical cost convention, unless otherwise stated.

The accounting policies adopted in preparation of Financial Statements are consistent with those of previous years.

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

b. Significant Accounting Policies

Current and Non - Current classification

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.

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 Company has identified twelve months as its operating cycle.

c. Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense for the period presented. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialized.

d. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses including freight, incidental expenses and other non-refundable taxes or levies related to acquisition and installation incurred to bring the assets to its present location and condition. Borrowing costs 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. GST Input Claim are deducted from the cost of respective assets. Any subsidy receivables from government are deducted from cost of capital asset at the time of capitalization of the asset.

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.

e. Depreciation / Amortisation

All fixed assets, 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.

Intangible assets are amortized on WDV basis over their estimated useful lives of 5 years. A rebuttable presumption that the useful life of an intangible asset will not exceed five 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 amortisation method is changed accordingly

f. Leases*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.

g. Impairment

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

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment.

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

Reversal of impairment loss is recognised as income in the statement of profit and loss

h. Investments

Long-term investments and current maturities of long-term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long-term investments, comprising investments in mutual funds, government securities and bonds are stated at the lower of cost and fair value.

i. 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.

j. 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.

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

k. Prior Period Expenses and 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.

l. 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.”

m. Events Occurring after Balance Sheet dates

No significant events which could affect the financial position as on 31.03.2025 to a material extent have been reported by the Assessee, after the balance sheet date till the signing of report.

n. 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 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.

o. Taxation

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 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.

P. 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

Year-end foreign currency monetary items are reported using the year end exchange rate.

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.

Q. Trade Receivables, Loans and Advances

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

r. 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.

Consumable stores and spares are valued at the lower of cost and net realizable value, as estimated

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.

s. Provisions, Contingent liabilities and 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. Contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. There are no contingent liability to be reported for the year

Contingent Assets are neither recognised nor disclosed in the Financial Statements

Provisions and Contingent Liabilities are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates

t. 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 twelve 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.

u. Retirement and other 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".

v. Cash Flow Statements

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.

w. Earning Per Shares

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.

x. 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.

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

Note - 3 - Share Capital
(Amount in Rs. in Lakh)

	As at 31.03.2025	As at 31.03.2024
A. Authorised Capital		
2,50,00,000 - Equity Shares of Rs. 10/- Each with voting rights	2,500.00	2,500.00
B. Issued, Subscribed & Paid Up Capital		
1,23,99,500 - Equity Shares of Rs. 10/- Each with voting rights	1,239.95	1,239.95
	1,239.95	1,239.95

C. Statement of Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	Current Year		Previous Year	
	No. of Shares	` in Lakh	No. of Shares	` in Lakh
Outstanding at the beginning of the year	1,23,99,500	1,239.95	91,00,300	910.03
Add: Issued During the year	-	-	32,99,200	329.92
Less: Bought Back During the year	-	-	-	-
Outstanding at the year end	1,23,99,500	1,239.95	1,23,99,500	1,239.95

D. Rights, Preferences, Restrictions attached to Equity Shares:

The company has only one class of shares referred to as equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

E. Details of shares held by each shareholder holding more than 5% shares:

Name Of Shareholders	Current Year		Previous Year	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity Shares @10/- Each				
Niranjan Kumar Mundhra	30,33,000	24.46%	30,33,000	24.46%
Mahesh Kumar Mundhra	30,33,000	24.46%	30,33,000	24.46%
Shiv Shankar Mundhra	30,33,000	24.46%	30,33,000	24.46%

F. Details of shares held by promoters:

Shares held by promoters						% of Changes during the year
S. No.	Promoter Name	As at 31.03.2025		As at 31.03.2024		
		No. of shares	% of total shares	No. of shares	% of total shares	
1	Niranjan Kumar Mundhra	30,33,000	24.46%	30,33,000	24.46%	-
2	Mahesh Kumar Mundhra	30,33,000	24.46%	30,33,000	24.46%	-
3	Shiv Shankar Mundhra	30,33,000	24.46%	30,33,000	24.46%	-
4	Jagdish Prasad Mundhra	260	0.00%	260	0.00%	-
5	Saroj Mundhra	260	0.00%	260	0.00%	-
6	Priyanka Mundhra	260	0.00%	260	0.00%	-
7	Kirti Mundhra	260	0.00%	260	0.00%	-
8	Poonam Mundhra	260	0.00%	260	0.00%	-

Note - 4 Reserve & Surplus	(Amount in Rs. in Lakh)	
	As at 31.03.2025	As at 31.03.2024
(a) Securities Premium		
As per last Balance Sheet	2,247.53	70.06
Addition : Issue of Share(IPO) with premium	-	2,177.47
Closing balance	2,247.53	2,247.53
Surplus/Deficit in the statement of Profit & Loss		
As per last Balance Sheet	1,823.30	812.81
Less: Interim Dividend	-12.40	-
Add/(Less): Profit/ (Loss) during the year	1,803.04	1,010.49
	3,613.94	1,823.30
Total	5,861.47	4,070.83
Note - 5 Long Term Borrowings	As at 31.03.2025	As at 31.03.2024
Term Loans (Secured, Considered Goods)		
From Small Industries Development Bank of India (Refer Note to accounts no. 32)	137.04	181.48
Less: Current Maturities of Long Term Borrowing in next 12 months	44.44	44.44
	92.59	137.04
From HDFC Bank (Refer Note to accounts no. 32)	49.15	57.68
Less: Current Maturities of Long Term Borrowing in next 12 months	9.29	8.53
	39.86	49.15
	132.46	186.19
Note - 6 Long Term Provisions	As at 31.03.2025	As at 31.03.2024
Provision for Gratuity (Refer Note no. 34)	16.53	18.32
	16.53	18.32
Note - 7 Short Term Borrowings	As at 31.03.2025	As at 31.03.2024
Loans repayable on demand:		
Cash Credit with Banks (Secured Considered Goods)		
HDFC Bank (Refer Note no 31.1)	832.20	3,172.50
Citi Bank (Refer Note no 31.2)	35.83	1,798.60
HSBC Bank (Refer Note no 31.3)	3,365.50	-
Citi Bank WCDL Loan (Refer Note no 31.2)	1,600.00	-
Kotak Mahindra Bank	-	0.00
Current Maturities of Long Term Borrowings		
From Small Industries Development Bank of India (Refer Note to accounts no 32)	44.44	44.44
From HDFC Bank (Refer Note to accounts no 32)	9.29	8.53
	5,887.27	5,024.07

Note - 8 Trade Payables		As at 31.03.2025		As at 31.03.2024	
For Goods and Services		2,096.00		1,325.81	
Trade payables due for payment - ageing schedule					
As at 31.03.2025					
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	217.55	-	-	-	217.55
(ii) Others	1,828.90	48.32	1.22	-	1,878.45
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	2,046.45	48.32	1.22	-	2,096.00
As at 31.03.2024					
Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	59.39	-	-	-	59.39
(ii) Others	1,260.16	6.26	-	-	1,266.42
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
	1,319.54	6.26	-	-	1,325.81
Note - 9 Other Current Liabilities		As at 31.03.2025		As at 31.03.2024	
Outstanding Liabilities for Expenses		134.10		58.40	
Advance From Debtors		33.79		18.01	
Statutory Dues					
GST Payable		0.42		0.97	
TDS Payable		23.19		7.19	
TCS Payable		1.21		0.17	
ESI Payable		0.30		0.40	
EPF Payable		1.36		1.75	
Labour Welfare Fund		0.03		-	
Professional Tax (Employee)		0.09		0.10	
		194.49		86.99	
Note - 10 Short-Term Provision		As at 31.03.2025		As at 31.03.2024	
Provision for Taxation		28.38		29.03	
(After adjustment of Advance Tax, TDS & TCS)					
Provision For Bonus Expenses		2.45		4.82	
Provision For Gratuity Expenses (Refer Note no 33)		0.43		0.09	
		31.27		33.94	
Note - 12 Non-Current Investment		As at 31.03.2025		As at 31.03.2024	
Equity Instruments					
(Market Value as on 31.03.2025 - Rs. 6,41,98,542.40)		666.32		-	
Mutual Funds					
(Market Value as on 31.03.2025 - Rs. 1,44,35,409.76)		150.00		-	
Unlisted Equity Instruments		50.00		-	
		866.32		-	
Note - 13 Deferred Tax (Liability) / Assets		As at 31.03.2025		As at 31.03.2024	
Tax effect of items constituting deferred tax assets					
On difference due to Provision for Gratuity		16.97		18.41	
On difference between book balance and tax balance of Fixed assets		33.92		28.08	
		50.89		46.48	
Tax effect of items constituting deferred tax assets		12.81		11.70	
Net deferred tax (liability) / asset		12.81		11.70	

Note - 11

Notes forming Part of the Financial Statements

Property, Plant & Equipment (At Cost less Depreciation)

(Amount in Rs. in Lakhs)

Description	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	As at 1-Apr-2024	Additions	Deduction/ Adjustment	As at 31-Mar-2025	Upto 31-Mar-2024	For the Year ended 31.03.25	Deductions	As at 31-Mar-2025	Adjustment	As at 31-Mar-2025	As at 31-Mar-2024
Property, Plant & Equipment											
	16.49	5.49	-	21.98	12.17	4.04	-	16.21	-	5.77	4.32
	26.57	20.45	-	47.02	16.13	8.41	-	24.53	-	22.49	10.44
	339.57	187.15	-	526.72	40.92	56.60	-	97.53	-	429.20	298.64
	89.64	29.24	-	118.88	0.06	6.33	-	6.38	-	112.50	89.59
	21.78	21.88	-	43.66	5.12	5.21	-	10.33	-	33.33	16.65
	48.99	70.85	-	119.84	15.97	12.13	-	28.11	-	91.73	33.02
	77.16	2.32	-	79.48	23.38	16.85	-	40.23	-	39.24	53.78
	620.20	337.39	-	957.59	113.76	109.57	-	223.33	-	734.26	506.44
Software											
	4.45	10.21	-	14.66	3.07	3.30	-	6.37	-	8.29	1.39
	4.45	10.21	-	14.66	3.07	3.30	-	6.37	-	8.29	1.39
Total	624.65	347.60	-	972.25	116.83	112.87	-	229.70	-	742.55	507.83
Previous Year	192.24	432.41	-	624.65	39.03	77.79	-	116.83		507.83	153.21

Note - 14 Long Term Loan & Advances	As at 31.03.2025	As at 31.03.2024
Capital Advance		
West Bengal Hosiery Park Infrastructure Ltd	-	10.00
(Unsecured, considered good)		
	-	10.00

Note - 15 Other Non Current Assets	As at 31.03.2025	As at 31.03.2024
Security Deposits		
With CDSL	0.18	0.18
With NSDL	0.18	0.18
With NSE Ltd.	-	25.07
With CESC Ltd.	6.18	6.09
Against Rent	29.55	9.70
	36.09	41.22

Note - 16 Inventories	As at 31.03.2025	As at 31.03.2024
(As valued by management)		
Raw materials	1,217.61	1,441.82
Work-in-progress	2,164.35	2,027.20
Finished goods	1,489.06	1,271.33
Stock-in-trade	129.98	17.23
	5,000.99	4,757.58

Note - 17 Trade Receivables	As at 31.03.2025	As at 31.03.2024
Secured considered good	-	-
Unsecured Considered Good	7,456.84	5,137.91
Doubtful	-	-
	7,456.84	5,137.91
Less : Provision for bad and doubtful debts	-	-
	7,456.84	5,137.91

Ageing schedule as at 31.03.2025						
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	7,011.66	253.39	169.35	22.36	-	7,456.77
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-
	7,011.66	253.39	169.35	22.36	-	7,456.77

Ageing schedule as at 31.03.2024						
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	4,598.39	59.54	479.98	-	-	5,137.91
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-
	4,598.39	59.54	479.98	-	-	5,137.91

Note - 18 Cash and Cash Equivalents	As at 31.03.2025	As at 31.03.2024
Balances with banks	19.76	546.49
Cheque in Hand	-	26.23
Fixed Deposit with banks (with maturity less than 12 months)	27.97	526.52
Fixed Deposit with banks (with maturity more than 12months)	56.71	53.23
Cash on hand	5.60	0.95
	110.03	1,153.41

Note - 19 Short-term Loans and Advances	As at 31.03.2025	As at 31.03.2024
<u>Loans to Body Corporates</u>		
(Unsecured, considered good)	885.36	-
Prepaid Expenses	6.19	4.63
<u>Other Advances</u>		
Advance to Suppliers	28.39	31.27
Advance Agst.Expenses	73.57	20.55
Advance Agst.Salary	0.02	2.22
	993.52	58.69

Note - 20 Other Current Assets	As at 31.03.2025	As at 31.03.2024
Export GST Receivables	3.17	34.93
GST Input Credit Receivables	227.67	232.30
Duty Drawback Receivables	1.74	3.89
ROSTCL Claim Receivable	7.49	36.50
Interest Receivable on CESC Deposits	0.20	0.15
	240.27	307.76

Note - 21 Revenue from Operations	Year Ended 31.03.2025	Year Ended 31.03.2024
<u>Domestic</u>		
Traded Goods	3,278.46	2,257.72
Manufactured Goods	12,892.13	9,461.21
Scrap Sales	28.06	33.17
<u>Export</u>		
Manufactured Goods	1,056.19	975.16
	17,254.85	12,727.26

Note - 22 Other Income	Year Ended 31.03.2025	Year Ended 31.03.2024
Interest Income	100.57	5.48
Dividend Income	0.66	-
Profit from Derivatives	0.33	-
Speculation Profit	0.39	-
Short-Term Capital Gain on Shares	154.23	-
Short-Term Capital Gain on Mutual Fund	19.51	-
Foreign Currency Gain & Loss	16.04	23.61
Duty Drawback	25.15	21.36
ROSTCL Export	38.94	37.58
Discount Received (Non-GST)	17.30	15.79
Profit on Sale of License	-	0.45
Liabilities/Assets Written-off	-	14.11
	373.12	118.39

<u>Note - 23 Cost of Materials Consumed</u>	Year Ended 31.03.2025	Year Ended 31.03.2024
Opening Stock	1,441.82	1,358.20
Add: Purchases during the year	6,891.92	4,370.84
	8,333.74	5,729.04
Less: Closing Stock	1,217.61	1,441.82
	7,116.13	4,287.21
	7,116.13	4,287.21
<u>Note - 24 Purchase of Stock-in-Trade</u>	Year Ended 31.03.2025	Year Ended 31.03.2024
Trading Goods	2,906.91	2,010.61
	2,906.91	2,010.61
<u>Note - 25 (Increase) / Decrease in Inventories</u>	Year Ended 31.03.2025	Year Ended 31.03.2024
<u>Inventories at end of the year</u>		
Work-in-progress	2,164.35	2,027.20
Finished Goods	1,489.06	1,271.33
Stock-in-Trade	129.98	17.23
	3,783.38	3,315.75
<u>Inventories at beginning of the year</u>		
Work-in-progress	2,027.20	2,042.02
Finished Goods	1,271.33	1,453.44
Stock-in-Trade	17.23	-
	3,315.75	3,495.47
	-467.63	179.71
<u>Note - 26 Employee Benefit Expenses</u>	Year Ended 31.03.2025	Year Ended 31.03.2024
Salaries and wages	267.84	317.00
Director Remuneration	288.00	269.42
Director Sitting Fees Exp.	2.55	6.70
EPF Employer Contribution	9.51	14.74
ESIC Employer Contribution	3.29	5.36
Bonus Paid	7.74	14.92
Gratuity Expenses	-1.44	6.30
Staff Welfare Expenses	23.77	29.94
	601.27	664.39
<u>Note - 27 Finance Cost</u>	Year Ended 31.03.2025	Year Ended 31.03.2024
Interest on Bank OD/Cash Credit	425.22	376.23
Interest on Car Loan	4.61	4.24
Interest on Unsecured loan	-	94.79
Other Borrowing Costs	9.09	9.35
Bank Charges	7.46	4.21
	446.38	488.82

Note - 28 Other Expenses	Year Ended 31.03.2025	Year Ended 31.03.2024
Direct Expenses		
Carriage Inward	26.71	22.69
Chemical Expenses	2.96	-
Power & Fuel Charges	54.26	49.50
Rent Expenses	258.01	248.03
Designing Charges	11.33	50.27
Job Work Charges	2,914.54	2,181.85
Packaging Expense	583.28	573.57
Export Expenses	11.24	4.32
Sample Expenses	8.46	8.03
Supervisor Expenses	20.40	-
Indirect Expenses		
Payment to Auditors	6.80	3.20
Advertisement Exp.	61.92	38.48
Freight Forwarding & Handling Expenses	43.70	36.16
CSR Expenses	25.19	22.75
Carriage Outward	12.63	12.65
Commission & Brokerage	34.55	36.02
Travelling & Conveyance Expenses	7.68	19.67
Discount Expenses	174.92	78.30
General Expenses	18.97	2.33
Rates & Taxes	0.28	1.26
Insurance Expense	5.57	3.61
Telephone & Internet Expenses	1.34	0.81
Interest on GST, TDS & Tax	7.44	1.02
Loading & Unloading Expenses	33.51	35.80
Membership & Subscription Expenses	0.02	1.39
Postage & Telegram Expenses	7.77	8.87
Printing & Stationery Expenses	7.20	4.60
Legal & Professional Fees	20.11	17.31
IPO Listing Processing Expenses	-	173.85
Computer & Software Exp.	12.94	1.17
Repair & Maintenance Expenses	27.25	12.42
Vehicle Running Expenses	7.98	6.13
Roc Filing Fees	0.33	0.42
Sales Promotion Expenses	45.05	94.74
Security Expenses	27.46	23.93
Share Transaction Charges	6.16	-
Sundry Balances Written-off	6.70	-
Fines & Penalties of GST & TDS	0.28	2.62
	4,494.93	3,777.77
Note :	Year Ended 31.03.2025	Year Ended 31.03.2024
Payment to Auditors:		
Statutory and Tax Audit Fees	2.00	2.00
Internal Audit Fees	4.80	1.20
	6.80	3.20

Note -	Year Ended 31.03.2025	Year Ended 31.03.2024
Earning Per Shares (In Rupees)		
Profit After Tax	1,803.04	1,010.49
Less: Preference Tax & Dividend	-	-
Profit Available to equity shareholders (A)	1,803.04	1,010.49
Weighted Avg. No. of shares used for calculating Basic EPS (B)	1,23,99,500.00	1,23,99,500
Basic EPS X=A/B (in Rupees)	14.54	8.15

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

Sd/-

CA Deepak Agarwal
Partner
Mem.No. 061132

Place: Kolkata
Date : 27.05.2025
UDIN : 25061132BMYTN1259

For and on behalf of the Board of Directors

Sd/-
Niranjan Mundhra
(Managing Director)
DIN: 05254448

Sd/-
Shiv Shankar Mundhra
(Whole-Time Director)
DIN: 02926873

Sd/-
Krishan Kumar Karnani
(Chief Financial Officer)

Sd/-
Muskan Mundhra
(Company Secretary)

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. The balances of Debtors, Creditors, Loans & Advances and Liabilities have been taken as per books, are subject to reconciliation / confirmation and consequential adjustments, if any.
31. 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 31.03.2025	Brief Description
1.	HDFC Bank Ltd	832.20	CC limit of 2000.00 Lacs having Floating Interest Rate and secured by the way of hypothecation of the company's Debtors, Stock of Raw Materials, Work in Progress and Finished Goods. Collateral Security 6 and 6/1, Gurgola Ghat Road, Mouza Malipanchghora Sheet - 49, JJ No. - 1 L R. Khatian no. 45 L.R. Dag no. 43, Ward No. 1, Salkia, Howrah, West Bengal 711106 and Premises No. 2, Ward No. 001, PS Malipanchgha, Hazarimall Shah Road, Salkia, Howrah, West Bengal 711106.
2.	Citi Bank	1635.83	CC limit of 2000.00 Lacs having Fixed Interest Rate revised every quarter plus applicable spread secured Pari-passu charge in favour of HDFC Bank.
3	HSBC Bank	3365.50	CC limit of 3400.00 Lacs having Fixed Interest Rate revised on mutual agreed upon plus applicable spread secured Pari-passu charge in favour of HDFC Bank. (The Bank has provided additional cash credit of Rs. 200.00 Lacs for Creation of Lien and Right to set off, but the Company has not yet utilized the same)

32. SIDBI Machine loan stood at Rs. 200.00 Lakhs payable in 54 equal monthly instalments (after a moratorium of 6 months). The Machine Loan is secured by way of hypothecation of the Cutting Machine financed along with its tools, spares and accessories and amount due within 12 months amounting to Rs. 44.44 Lakhs is shown under Short Term Borrowings in Note No. 7.

Car Loan with HDFC Bank at Rs 18.21 Lakhs payable in 60 equal monthly instalments. Car Loan is secured against the hypothecation of car financed and amount due within 12 months Rs. 3.24 Lakhs is shown under Short-Term Borrowing in Note no. 7.

Car Loan with HDFC Bank at Rs 45.40 Lakhs payable in 84 equal monthly instalments. Car Loan is secured against the hypothecation of car financed and amount due within 12 months Rs. 5.28 Lakhs is shown under Short-Term Borrowing in Note no. 7.

33. 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. Niranjana Mundhra - Managing Director
- (2) Mr. Shiv Shankar Mundhra - Whole Time Director
- (3) Mr. Mahesh Kumar Mundhra- Whole Time Director
- (4) Mr. Krishan Kumar Karnani – Chief Financial Officer
- (5) Ms. Muskan Mundhra – Company Secretary

b) Enterprises in which key management personnel has significant influence

- (1) Q Bazaar India LLP
- (2) Deehub Lifestyle Ltd
- (3) Shree Garments- (Prop. Jagdish Prasad Mundhra)
- (4) Shree International- (Jagdish Prasad Mundhra HUF)
- (5) Sri Ganesh Enterprise (Prop Deepak Karnani)
- (6) Niranjana Mundhra HUF
- (7) Kirti Mundhra

KARNIKA INDUSTRIES LIMITED

ii) Particulars of Transactions with Related party during the year 2023-24.

Amount (Rs. In Lakhs)

A: Transaction with key Management Personnel					
<u>Name</u>	<u>Remuneration</u>	<u>Loan Repayment / Advance Taken</u>	<u>Loan accepted / Advance Refunded</u>	<u>Rent Paid</u>	<u>Balance as on 31.03.2025</u>
Mr. Niranjan Mundhra	96.00 (93.42)	NIL NIL	NIL NIL	71.24 (56.62)	0.51 NIL
Niranjan Mundhra (HUF)	NIL NIL	NIL NIL	NIL NIL	NIL (5.61)	NIL NIL
Mr. Shiv Shankar Mundhra	96.00 (88.00)	NIL (5.06)	NIL (5.06)	71.24 (62.24)	NIL NIL
Mr. Mahesh Kumar Mundhra	96.00 (88.00)	NIL (7.65)	NIL (7.65)	80.24 (62.24)	NIL NIL
Mr. Krishan Kumar Karnani	24.00 (33.00)	NIL NIL	NIL NIL	NIL NIL	NIL NIL
Ms. Muskan Mundhra	3.00 (2.25)	NIL NIL	NIL NIL	NIL NIL	0.24 (0.24)
Ms. Kirti Mundhra	0.85 (2.60)	NIL NIL	NIL NIL	NIL NIL	0.77 (3.24)
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/ Expenses</u>	<u>Balance as on 31.03.2025</u>
Q Bazaar India LLP	127.20 (49.78)	NIL NIL	NIL NIL	NIL NIL	45.38 (0.01)
Shree Garments	2026.48 (2330.41)	NIL NIL	NIL NIL	4.22 (0.13)	937.40 (1131.71)
Shree International	99.77 (586.02)	NIL NIL	NIL NIL	NIL NIL	0.13 (212.64)
Sri Ganesh Enterprise	14.46 (53.46)	NIL NIL	NIL NIL	320.37 (294.02)	96.40 (72.47)
Deehub Lifestyle Ltd	20.43 NIL	NIL NIL	NIL NIL	NIL NIL	21.45 NIL

34. 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 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 31.03.2025 by Divya Dadlani, 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 in Thousand

	Components of Employer Expense	One year period ended	One year period ended
		31 March 2024	31 March 2025
1	Current Service cost (including risk premiums for fully insured benefits)	1,459.87	1,110.34
2	Interest Cost	88.36	128.85
3	Expected Return on Plan Assets	0.00	0.00
4	Curtailment Cost / (Credit)	0.00	0.00
5	Settlement Cost / (Credit)	0.00	0.00
6	Plan Introduction Cost	0.00	0.00
7	Actuarial Losses / (Gains)	(917.89)	(1,383.08)
8	Total employer expense recognized in P&L	630.34	(143.89)
	Assumptions		
	Discount Rate	7.30%	7.00%

TABLE 2
Karnika Industries Limited
Gratuity Scheme
Actuarial Calculations under AS15 (revised, 2005)
Net Asset / Liability recognized in the Balance Sheet
Local currency - INR in Thousand

A	Net Asset/(Liability) Recognised in Balance Sheet – 31 March 2025	One year Period ended	One year Period ended
		31 March 2024	31 March 2025
1	Present value of Defined Benefit Obligation	1,840.77	1,696.88
2	Fair Value of Plan Assets	0.00	0.00
3	Funded status [Surplus/(Deficit)]	(1,840.77)	(1,696.88)
4	Unrecognized Past Service Costs	0.00	0.00
5	Net Asset / (Liability) recognized in the Balance Sheet	(1,840.77)	(1,696.88)
B	Reconciliation of Net Asset / Liability recognized in Balance Sheet		
1	Net Asset / (Liability) at beginning of period	(1,210.43)	(1,840.77)
2	Employer (Expense)/Credit	(630.34)	143.89
3	Employer Contributions	0.00	0.00
4	Acquisitions / Business Combinations	0.00	0.00
5	Net Asset / (Liability) at end of period	(1,840.77)	(1,696.88)
C	Current / Non Current Liability		
1	Current Liability	(9.26)	(43.44)
2	Non Current Asset/ (Liability)	(1,831.51)	(1,653.43)
3	Net Asset/ (Liability)	(1,840.77)	(1,696.88)

35. Contingent Liabilities and Commitments to the extent not provided for

Particulars	For the year ended 31 March, 2025	For the year ended 31 st March 2024
Particulars	Rs. In Lakhs	Rs. In Lakhs
Claims against the company not acknowledged as debt	NIL	NIL
Guarantees	NIL	NIL
Other money for which the company is contingently liable	NIL	NIL
Estimated amount of contracts remaining to be executed on capital account and not provided for:	NIL	NIL
Uncalled liability on shares and other investments partly paid	NIL	NIL
Other commitments (specify nature)	NIL	NIL
Total	NIL	NIL

36. Details of Foreign Outgoing and Earnings

a. Details of Foreign Outgoing

Particulars	For the year ended 31 March, 2025	For the year ended 31 st March, 2024
	Rs. In Lakhs	Rs. In Lakhs
Value of imports calculated on C.I.F basis by the company during the financial year in respect of –		
I. Raw materials;	NIL	NIL
II. Components and spare parts;	NIL	NIL
III. Capital goods;	NIL	Rs. 159.87 Lakhs

Particulars	For the year ended 31 March, 2025	For the year ended 31 March, 2024
	Rs. In Lakhs	Rs. In Lakhs
Expenditure in foreign currency during the financial year on account of Foreign Currency:		
a. Royalty	NIL	NIL
b. Technical Know how	NIL	NIL
c. Professional and Consultation Fees	NIL	NIL
d. Interest	NIL	NIL
e. Other matters :		
Travelling Expenses	NIL	Rs. 9.45 Lakhs
Commission Paid	Rs. 1.68 Lakhs	NIL

b. Details of Foreign Earnings

Particulars	For the year ended 31 March, 2025	For the year ended 31 st March 2024
	Rs. In Lakhs	Rs. In Lakhs
Earnings in foreign exchange		
Export of goods calculated on F.O.B. basis;	Rs. 1040.37 Lakhs	Rs. 958.36 Lakhs
Royalty, know-how, professional and consultation fees;	NIL	NIL
Interest and dividend;	NIL	NIL
Other income, indicating the nature thereof	NIL	NIL

37. 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. Title Deeds of all Immovable Properties as mentioned in Financial Statements are held in the name of the Company.
- 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.
- viii. The Company has taken borrowings from banks or financial institutions on the basis of security of current assets. Monthly Statements have been filed with banks are generally in agreement with the books of accounts. As explained by the management, data provided in stock statement are as per best available quantities subject to physical verification. There is no material difference between stock statement submitted to bank and books of accounts, although difference can arise due to method of valuation, physical verification, return of goods, shortage, wastage, Debit and credit notes and reconciliation of debtors and creditors. There are no material differences which require specific reporting.
- 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 any funds (either from borrowed funds or share premium or any other sources or kind of funds) 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 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 ultimate beneficiaries.

- B. The Company has not received any fund from any person(s) or entity(ies) including foreign entities (“Funding Parties”) with the understanding whether in writing or otherwise, that such company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate beneficiaries.
- 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 Company has complied with the provisions of section 135 of the company’s Act 2013 and the details of CSR activities are given in the annual report 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 37

For and on behalf of the Board of Directors

Karnika Industries Limited

For A A A J & Associates

(formerly known as Uttam Agarwal & Associates)

Chartered Accountants

Firm Registration No.322455E

Sd/-

CA Deepak Agarwal

Partner

Membership No. 061132

Place : Kolkata

Date : 27.05.2025

UDIN : 25061132BMIYTN1259

Sd/-

Niranjana Mundhra

DIN :5254448

Managing Director

Sd/-

Shiv Shankar Mundhra

DIN :2926873

Whole Time Director

Sd/-

Krishan Kumar Karnani

Chief Financial Officer

Sd/-

Muskan Mundhra

Company Secretary

Notes to financial Statement

Note-37 (xvii) Ratio Analysis :

Particulars	Numerator	Denominator	As at 31 st March, 2025 Ratio	As at 31 st March, 2024 Ratio	Change	Remarks
a) Current Ratio	Current Assets	Current Liabilities	1.68	1.76	-4.69%	NA
b) Debt-Equity Ratio	Debt	Equity	0.85	0.98	-13.60%	NA
c) Debt Service Coverage Ratio	Earning before Tax, Int and Non Cash Items	Debt Service	5.95	3.57	66.79%	Increase in earnings and decrease in Debt Service.
d) Return on Equity Ratio	Net Profit after tax	Average Shareholder's equity	0.29	0.28	2.12%	NA
e) Inventory Turnover Ratio	Cost of goods sold	Average Inventory	2.76	2.00	37.73%	Cost of Good Sold increases in F Y 2024-25 as compared to F Y 2023-24
f) Trade receivable Turnover Ratio	Net Credit Sales	Average Accounts receivables	2.74	2.78	-1.41%	NA
g) Trade payable Turnover Ratio	Net Credit purchases	Average Accounts payables	7.82	4.74	64.91%	Purchases increased in F Y 2024-25 as compared to F Y 2023-24
h) Net Capital Turnover Ratio	Turnover	Average Working Capital	3.27	3.89	-15.90%	NA
i) Net Profit Ratio	Net Profit after Tax	Revenue from Operations	0.10	0.08	31.61%	Net Profit & Revenue from Operations increased in F Y 2024-25 as compared to F Y 2023-24
j) Return on Capital Employed Ratio	EBIT	Capital Employed	0.22	0.18	24.23%	NA
k) Return on Investment	EBIT	Investment	3.31	NA	NA	NA

Note:

In relation to the previous Financial Year, we have not done the Average of the required denominators as previous Financial Year was the first year of the Company.

Signatures for Notes of Accounts No 1 to 36

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

Sd/-
CA Deepak Agarwal
Partner
Membership No. 061132

Place : Kolkata
Date : 27th Day of May 2024
UDIN : 24061132BKUAZ5291

For and on behalf of the Board of Directors
Karnika Industries Limited

Sd/-
Niranjan Mundhra
DIN :5254448
Managing Director

Sd/-
Krishan Kumar Karnani
Chief Financial Officer

Sd/-
Shiv Shankar Mundhra
DIN :2926873
Whole Time Director

Sd/-
Muskan Mundhra
Company Secretary