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, **Date- 08.09.2026**

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

SCRIP CODE: KARNIKA

Dear Sir(s),
Sub: Notice of the 4th Annual General Meeting and Annual Report for the Financial Year 2025-26

Pursuant to Regulation 30 and 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the

1. Notice along with the Annual Report of the Company for the Financial Year 2025-26 of the 4th Annual General Meeting ("AGM") of the Company scheduled to be held on Wednesday, the 30th day of September, 2026 at 01.00 p.m. (IST) through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") facility. The deemed venue of the meeting shall be the registered office of the Company.

The aforesaid documents are being sent electronically to the members whose e-mail address is registered with the Company's Registrar and Transfer Agent/Depositories viz. the National Securities Depository Limited and Central Depository Services (India) Limited.

Further, pursuant to Regulation 36(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a letter providing the web-link of the Annual Report, being sent to those members who have not registered their e-mail address, is also attached and available on the Company's website at www.karnikaindustries.com .The Notice of the AGM and the Annual Report have also been 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 19th day of September, 2026 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 Saturday, September 26, 2026 and shall end at 05:00 p.m. (IST) on Tuesday, September 29, 2026.

This is for your information and record.

Thanking You.
Yours Faithfully,
For Karnika Industries Limited

NIRANJAN MUNDHRA
Digitally signed by NIRANJAN MUNDHRA
Date: 2026.09.08 18:20:48 +05'30'

Niranjan Mundhra
Managing Director
DIN- 05254448

Karnika
INDUSTRIES LIMITED

Karnika Industries Limited

Annual Report 2025-26

Overview

Karnika Industries Limited concluded FY 2025–26 on a positive note, recording a consolidated revenue of **₹ 24,847.90 Lakhs**, marking a year in which the Company reinforced its footing in the market.

The leadership maintained a clear focus on operating discipline and long-term planning, establishing a foundation for lasting performance.

Customer trust and market presence both grew steadily over the period, adding to the Company's underlying scale.

Together, these gains lay the groundwork for a more profitable and sustainable path forward.

Corporate Information

Executive Directors

Mr. Niranjan Mundhra (DIN- 05254448)

-Managing Director

Mr. Shiv Shankar Mundhra (DIN- 02926873)

-Whole-time Director

Mr. Mahesh Kumar Mundhra (DIN- 08577538)

-Whole-time Director

Company Secretary & Compliance Officer

Mrs. Muskan Bubna

Statutory Auditors

AAAJ & Associates (FRN-322455E)

(Formerly Uttam Agarwal & Associates)

Chartered Accountants

115, Cotton Street, Kolkata 700007

Registered Address & Manufacturing Unit 1

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

Manufacturing Unit 3

2, Hajari Mal Shah Road, Salkia, Howrah-711106

Manufacturing Unit 4

Ground Floor, Chandigarh Birpur Road,
Everest Paper Mills Pvt. Limited, Ganganagar,
Madhyamgram, North 24 Parganas,
West Bengal-700132

Manufacturing Unit 5

66/2, Salkia School Road, Howrah-711106

Manufacturing Unit 6

1st Floor, 3, Surti Bagan, Kolkata-700073

Manufacturing Unit 7

Plot No. 346, Aayakar Nagar, Mansarovar, Jaipur-302020

Non-Executive Women Director

Mrs. Kirti Mundhra (DIN- 09549207)

Independent Directors

Mrs. Kirti Taparia (DIN- 10083439)

Mr. Yash Jhawar (DIN- 11590536)

Chief Financial Officer

Mr. Krishan Kumar Karnani

Secretarial Auditor

Mrs. Poonam Binani (COP-12552)

Practicing Company Secretary

19, Maharshi Debendra Road, Kolkata-700007

Internal Auditor

Ajay Mundhra & Associates (FRN-329704E)

Chartered Accountant

4TH Floor, Centre Point, 21, Hemanta Basu

Sarani, Kolkata- 700001

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

Axis Bank

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CONTENTS

Annual Report 2025–26

Corporate Snapshot

Karnika Industries Limited holds a well-established position in kidswear manufacturing, built on more than 20 years of experience in the industry. Rooted in quality and creativity, we turn raw fabric into garments defined by style, comfort, and durability.

Retailers across India rely on Karnika for more than 500 distinct product designs, manufactured at our facilities in Howrah, West Bengal. A client base that has grown past 2,500 reflects the consistency our team delivers, order after order.

Manufacturing is only part of the picture at Karnika. Fabric variety, skilled craftsmanship, and attentive customer service together shape the reputation that makes the Company a preferred kidswear partner across the industry.

Vision, Mission & Values

Vision

Design and purpose, working together, are what Karnika hopes will shape the future it is building toward. That future carries Indian creativity onto the global stage, with each product reflecting a story of culture, responsibility, and progress.

Mission

Karnika Industries Limited works to shape a distinct space within the fashion industry, delivering a wide range of kidswear at strong value and built from high-grade raw materials. As a disciplined, financially sound, and customer-focused manufacturer, the Company draws on a skilled workforce to develop original designs, meeting recognised social and ethical standards throughout its operation.

Values

Innovation, sustainability, and integrity sit at the centre of everything Karnika does, driving progress, shaping each creation, and guiding every decision made.

Passion for Innovation

Cultural nuance and current trends come together in every garment our design team creates, each one telling its own story. Childhood joy and cultural style combine to leave a distinctive, memorable impression.

Environmentally Sound

Every stage of production at Karnika is built around safety, for people and for the planet alike. Raw material choices and eco-conscious packaging reflect the same standard, applied consistently across all operations.

Accurate & Consistent

Every garment that leaves our facilities reflects careful attention to detail, spanning fabric selection, modern printing methods, and precise stitching. The outcome is lasting durability, everyday comfort, and a finish that feels complete.

Trustworthy

Commitments made by us are commitments kept. Our consistency has built lasting client relationships, grounded in transparency, ethical practice, and dependable delivery.

History

Karnika Industries Limited is led by Mr. Niranjan Mundhra as Managing Director, together with Mr. Shiv Shankar Mundhra and Mr. Mahesh Kumar Mundhra as Whole-time Directors, a dream leadership team with deep experience in garment manufacturing. The Company's roots go back to 2017, when it began as Karni International, a partnership firm that later converted into a Public Limited Company, headquartered in Howrah, West Bengal.

Structured growth followed in the years after. Karnika became a Public Limited Company in 2022, then listed on the SME Emerge platform in 2023. That growth continues today, with the Company creating kids' fashion built to last, to delight, and to accompany every playful moment.

Our Products

Kids across the country wear clothing that started on Karnika's production line, styles like shorts, joggers, capris, tees, rompers, sleep suits, pyjamas, winter wear, and infant garments, all made through job work. Fabric quality stays high throughout, and existing collections can be adapted on request, which keeps pricing, quality, and delivery timelines working in the customer's favour. The Company also operates a unit for manufacturing jeans meant for adults.

The KARNIKA brand carries these products to market, organised into sub-categories such as KARNIKA Care, KARNIKA Cool, KARNIKA Cube, KARNIKA Life, KARNIKA Key, and KARNIKA Club. Years of steady work have grown a client base that today includes clients and commission agents throughout India.

Operations

Every garment passes through design, sampling, quality inspection, ironing, and packing inside units that carry ISO 14001:2015 certification. Karnika relies on job work to get this done, a method that handles bulk orders well while keeping quality and consistency steady.

The most recent figures on record, dated March 31, 2026, put the Company's payroll at 185 employees with a stable and skilled workforce.

Market Capitalization

Karnika Industries Limited joined the NSE Emerge Platform in 2023. Market capitalization moves with share price daily and stood at approximately **₹65,469.36 Lakhs** by the end of March 2026, reflecting the Company's steady growth, sound finances, and shareholder confidence.

Strategic Overview

Karnika Industries is redefining what parents expect from kidswear, pairing bold ambition with careful craftsmanship.

FY 2025-26 gave me a lot to be proud of as Managing Director. Revenue for the year came in at ₹22,428.14 Lakhs, up 29.98 percent, while profit before tax rose 51.39 percent to ₹3,659.15 Lakhs and net profit climbed 47.96 percent to ₹2,667.73 Lakhs. EBITDA stood at ₹4,360.80 Lakhs, up 46.51 percent, with our margin improving from 17.25 percent to 19.44 percent, and net worth strengthened from ₹7,078.30 Lakhs to ₹9,513.56 Lakhs, a rise of 34.40 percent.

The year also saw us reward shareholders directly for that growth. In September 2025, we issued bonus equity shares in a 4-for-1 ratio, lifting paid-up capital from ₹1,239.95 Lakhs to ₹6,199.75 Lakhs, alongside a dividend payout. Basic EPS for the year works out to ₹6.41 against ₹14.54 the year before, reflecting the wider shareholder base rather than any softening in profitability, which in fact grew strongly across every measure that matters. Karnika is doing more than adding scale, we're building something that lasts, and heading into next year I want to keep that balance intact.

India's Textile Industry

Millions of Indian children fuel a demand curve that keeps climbing every year, since nearly a quarter of the country’s population falls in the 0 to 14 age brackets. Growing family incomes, wider e-commerce access, and shifting parent preferences are reshaping how kidswear reaches its buyers, and this shift keeps opening fresh room for a company like Karnika.

That local demand sits inside a much larger national story. India ranks among the world’s biggest textile producers, carrying deep craft traditions alongside serious manufacturing scale. Exports touched roughly ₹3 lakh crore in the most recent year, and government policy has set its sights on pushing that figure to ₹9 lakh crore by 2030.

Programs like the Production Linked Incentive Scheme, alongside the government’s broader push connecting farm, fibre, fabric, and fashion, are building the infrastructure this growth needs. Progress on smart textiles, technical fabrics, digital printing, and sustainable production methods gives Indian manufacturers more tools than ever to lift quality and product appeal.

Demographics, policy, and innovation are moving in the same direction at the same time, and that alignment gives Karnika room to grow for years to come, while playing its part in India’s rise as a global textile and fashion leader.

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Competitive Strengths

From newborns to older kids, Karnika's product range covers nearly every stage of childhood, giving customers one place to find what they need. That breadth positions the Company well as India's textile and children's apparel market keeps expanding.

Design and output are well balanced at Karnika. An in-house team shapes every garment around style, comfort, and function, while steady work on efficiency has cut turnaround times. Safety, compliance, and operational discipline stay built into how the Company runs.

A dedicated sales team handles market reach, freeing production and design to focus on quality and innovation. Exports to the Middle East and Southeast Asia reach the Indian diaspora and nearby markets, and trade show participation keeps building brand visibility across India.

Karnika's entry into the fabric segment gives customers another option, adding value in pricing, quality, and delivery. Sustainable practices and process improvements keep garments eco-friendly and high-quality.

Together, these strengths position Karnika to capture new opportunities, hold its lead in design-driven kidswear, and deliver long-term value to stakeholders.

Future Approach

Growth capital will drive sustainable expansion, focused on product quality, operational efficiency, and market reach. Investment in innovative fabrics, eco-friendly practices, and advanced manufacturing will strengthen Karnika's value proposition.

Export growth, supply chain optimization, and brand visibility will reinforce Karnika's position as a design-driven leader in children's apparel. Growth, sustainability, and long-term stakeholder value remain the goals ahead, as Karnika continues shaping the future of India's kidswear industry.

Performance Review

Turning Strategic Focus into Financial Strength

FY 2025-26 delivered strong financial footing for Karnika. Domestic demand drove much of the growth, alongside a measured push into international markets, and revenue rose steadily as a result. Tighter cost management and streamlined processes lifted EBITDA margins across the year.

Operationally, the year brought real gains too. Karnika sharpened efficiency, cut turnaround times on the production floor, and lifted output quality, all while preparing the Company for expansion at scale.

New additions to the product portfolio met shifting consumer tastes, especially around eco-conscious and design-forward choices. Governance, compliance, and supply chain resilience received equal attention throughout. On the brand side, focused marketing and consistent visibility efforts deepened engagement with customers across key channels.

Together, these steps did more than stabilize operations. They built real momentum for what comes next. A stronger balance sheet, sharper operating capability, and a defined path forward now leave Karnika ready to seize new opportunities, protect profitability, and keep building value for everyone invested in its success.

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Our Business Model

Built Around What Customers Actually Order

Production only begins once demand is confirmed, a discipline that keeps Karnika's inventory risk low and efficiency high. Manufacturing, processing, and trading facilities run at strong capacity utilization, giving the Company room to scale across markets without added strain.

Reliable raw material suppliers back this model, keeping costs steady and supply uninterrupted. Karnika's product range runs from infant wear through pre-teens, making it a genuine one-stop option for clients, and repeat customers now account for more than 90 percent of business, a base that keeps revenue steady year after year.

Experienced leadership keeps operations running smoothly, drawing on deep industry knowledge to hold quality, delivery timing, and strategic flexibility all in place at once. Newer manufacturing technology and a tighter supply chain help Karnika respond fast when market demand shifts and keep growing.

Scalable, customer-focused, and built to hold up under pressure, this model gives Karnika solid ground to keep expanding and creating value in a kidswear market that keeps changing.

Our Production

Overview

Karnika turned out more than 45 lakhs garments this past year, a number that reflects how deeply efficiency runs through the operation. Cost control and waste reduction stay built into the process, while integrated workflows, modern machinery, and strict quality checks keep each garment meeting exacting standards. The result shows up in reliability, customer satisfaction, and market competitiveness. Facilities in Howrah support this scale, keeping the Company quick to respond as consumer tastes and fashion trends shift.

Key Focus Areas

- Strengthen long-term relationships across stakeholders
- Expand the product portfolio to sustain growth
- Reinforce leadership in the garment manufacturing industry
- Stay 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

- Maintain skilled personnel, well-equipped facilities, and strong manufacturing infrastructure for consistent product quality.
- Ensure timely order fulfilment and efficient procurement for cost-effective production.

Strengths

- Cotton, polyester, and viscose blends are handled with real expertise, giving every garment lasting comfort and durability.
- A wide fabric range, including non-allergenic natural fibers, keeps the kidswear portfolio genuinely diverse
- Manufacturing stays eco-friendly throughout, in line with ISO 14001:2015 Environmental Management standards.
- Quality gets checked at every single stage, keeping products consistent from batch to batch.
- Yarn gets procured directly, matched to client specifications, for the best possible material quality.
- An ERP system paired with AutoCAD and Optitex design technology tracks production in real time, handles digital pattern-making, and keeps resources managed efficiently.

Our Brand

A brand in children's apparel earns its value differently than in most consumer categories, parents buy on trust built over repeat purchases, not on a single impulse decision. Karnika's approach to branding and marketing reflects that reality, built less around one-time visibility campaigns and more around holding customer relationships long enough that repeat business becomes the norm rather than the exception.

Dedicated Marketing and Design Expertise

Promoter-directors run design and marketing decisions themselves rather than delegating them, which keeps product direction tied directly to people with a financial stake in getting it right.

Their team studies trends and demand before garments go into production, not after, reducing the odds of unsold inventory tied to a wrong call.

Client Base and Market Reach

Over 90% of revenue now comes from clients who have stuck around for three years or more. That number matters more than most brand metrics because it means Karnika isn't rebuilding its customer base every year, acquisition cost stays low, and revenue has real visibility going into each new period.

Distribution runs through commission agents, retailers, and distributors across India, with early movement into Southeast Asia and the Middle East adding geographic spread beyond a single domestic market.

Competitive Strengths

Two kinds of rivals exist in this space, organized manufacturers and a large unorganized sector, and Karnika holds ground against both through the same combination, price discipline, technical capability, and reliable delivery.

None of these three alone would be a durable edge but held together they raise the cost for a competitor trying to match Karnika on all fronts at once.

Strengthening Initiatives

Trade shows and garment fairs do double duty, they generate near-term order flow and also put the Company in front of buyers it hasn't sold to yet, which is a lower-cost way to grow the client list than paid marketing.

Fashion shows serve a different purpose, signalling design capability to the market rather than driving direct orders.

Conversion into Sales

Orders originate from designs shared through social media and direct outreach, meaning the sales cycle starts with something concrete a buyer can see and specify against.

Fulfilment then moves straight from supplier or Company facilities to the customer under the Karnika name, keeping the brand visible through the final point of delivery rather than disappearing behind a third-party label.

Our CSR Commitment

Manufacturing scale carries an obligation beyond the balance sheet, and Karnika treats CSR as part of what it means to lead in kidswear, not a separate line item bolted onto the business. Impact gets measured across three groups, the people who work here, the communities around the Company's facilities, and the environment those communities depend on.

Philanthropic Efforts

Karnika works through NGOs and grassroots partners rather than running programs in-house, a choice that puts resources behind organizations already close to the ground on child welfare, education, and environmental work. Concrete activity this year includes clothing distribution, funding for school supplies, and support for clean water access, the kind of interventions that show measurable results rather than goodwill alone.

FY 2025-26 support extended to an orphanage for underprivileged children, NGO-run social welfare programs, and Gau Seva initiatives centered on cow protection and care, including assistance to goshalas housing rescued cattle. Spiritual and cultural activities tied to community identity also received backing. Taken together, this spread of causes, child welfare, animal care, and cultural continuity, reflects a CSR approach built around what communities in Karnika's operating regions actually value, rather than a generic checklist.

A single year's donation record tells you what happened, not what Karnika is trying to build. Each of these programs, from school supplies to goshala support, is chosen because it addresses something a community actually lakhs right now, and the through-line across all of them is durability, causes that keep mattering long after this year's report is filed.

NOTICE is hereby given that the 4th Annual General Meeting ("AGM") of the Members of Karnika Industries Limited will be held video conferencing ("VC") /other Audio - Visual Means ("OAVM") on Wednesday, 30th September, 2026 at 1:00 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2026, along with the Reports of the Directors and Auditors thereon.

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

   "RESOLVED THAT the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2026, including the Audited Balance Sheet as at March 31, 2026, Statement of Profit & Loss and Statement of Cash Flows for the year ended on that date and Reports of the Board of Directors and Auditors thereon be and are hereby considered, approved and adopted".

2. To receive, consider and adopt the Consolidated Standalone Financial Statements of the Company for the financial year ended March 31, 2026, along with the Reports of the Directors and Auditors thereon.

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

   "RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2026, including the Audited Balance Sheet as at March 31, 2026, Statement of Profit & Loss and Statement of Cash Flows for the year ended on that date and the Reports of the Auditors thereon be and are hereby considered, approved and adopted."

3. 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.

   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 152 and other applicable provisions of the Companies Act, 2013 ('the Act') Mrs. Kirti Mundhra (DIN - 09549207), who retires by rotation at this Meeting, be and is hereby re- appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

4. Increase in borrowing power in terms of Section 180(1)(c) of the Companies Act, 2013 and authorising the Board to borrow moneys in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company up to Rs. 500 Crores:

   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 Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with rules framed there under, consent of the members of the company shall be accorded to authorize the Board of Directors of the Company (herein after refer to as "Board") to borrow money from time to time whether secured or unsecured for the business of the Company notwithstanding that such borrowings, together with money already borrowed (apart from temporary loans obtained if any, from the bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the total amount borrowed shall not at any time exceed the limit of Rs. 5,00,00,00,000 Crores (Rupees Five hundred Crores Only)".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to execute such agreements, papers, deeds, and other instruments or writings containing such conditions and covenants as it may think fit to give effect to this resolution".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board of Directors of the Company be and is hereby authorized to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

5. Authorising the Board under Section 180(1)(a) of the Companies Act, 2013 to create/ modify charge on the movable/ immovable assets Including undertakings of the Company, both present and future, to secure borrowings:

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

   "RESOLVED THAT in supersession of the earlier resolutions passed by the Members and pursuant to the provisions of Sections 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) read with the rules made thereunder, as may be amended from time to time, consent of the Members of the Company shall be accorded to the Board of Directors (hereinafter referred as 'Board' which term shall include a Committee thereof authorised for the purpose) of the Company, to mortgage, hypothecate, pledge and/or charge all or any of the movable and/or immovable properties of the Company (both present and future) wheresoever situated and/or any other assets including tangible and intangible assets or properties of the Company and/or the whole or part of any of the undertaking of the Company together with or without the power to take over the management of the business or any undertaking of the Company in case of events of defaults, in favour of the Banks, Financial Institutions, any other Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/or Secured/ Unsecured Non-Convertible Debentures Borrowing limits approved or as may be approved by the Shareholders, from time to time, under Section 180(1)(c) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) along with interest, additional interest, accumulated interest, default interest, further interest, principal amounts, premia on prepayment, liquidated charges, commitment charges or costs, expenses, any fees and all other monies whatsoever stipulated in or payable under the respective financing documents and any other agreements and amendments thereto that have or may be entered into by the Company in respect of such borrowings.

   "RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (including any Committee which the Board may have constituted or may hereinafter constitute to exercise the power conferred by this Resolution) and the Company Secretary of the Company, be and are hereby authorised to finalise, settle and execute such documents/ deeds/ writings/ papers/ agreements/ undertakings as may be required and to do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage/ charge/ pledge/ hypothecation as mentioned aforesaid."

6. To make loan and investment exceeding the ceiling prescribed under section 186 of the Companies Act, 2013.

   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 Section 186 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and subject to such other consents, permissions, approvals, as may be required in that behalf, the approval of the members of the Company be and is hereby accorded to authorize the Board of Directors of the Company to (i) give any loan to any person or other body corporate, (ii) give any guarantee or provide any security in connection with a loan to any other body corporate or person and (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, as they may in their absolute discretion deem beneficial and in the interest of the Company, subject however that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company, from time to time, in future, shall not exceed a sum of Rs. 500 crore (Rupees Five Hundred Crore only) over and above the limit of 60% of the paid-up share capital, free reserves and securities premium account of the Company or 100% of free reserves and securities premium account of the Company, whichever is more, as prescribed under Section 186 of the Companies Act, 2013".

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorized to take all such actions and to give all such directions and to do all such acts, deeds, matters and things as may be necessary and/or expedient in that behalf."

7. Giving loan and guarantee or providing security in connection with loan availed by any specified person under section 185 of the Companies, Act, 2013.

   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 Section 185 and all other applicable provisions, if any of the Companies Act. 2013 read with the Companies (Amendment) Act, 2017 and Rules made thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and subject to such other consents, permissions, approvals as may be required in that behalf, the approval of the members of the Company shall be and is hereby accorded to the Board of Directors of the Company to advance any loan including any loan represented by a book debt, business advance, advance for securing supplies of services/goods on a future date or give any guarantee or provide any security in connection with any loan taken by any entity which is a subsidiary or associate or joint venture of the Company or any other person or body corporate or firm in whom any of the Directors of the Company Interested / deemed to be interested, up to limits not exceed a sum of Rs. 500 crore (Rupees Five Hundred Crore only), from time to time in their absolute discretion as may be deemed beneficial and in the interest of the Company, provided that such loans are utilized by the borrowing company for its principal business activities".

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to file necessary returns / forms with the Registrar of Companies and to do all such acts, deeds and things as may be considered necessary incidental and ancillary in order to give effect to this Resolution."

8. Alteration in the Main Object Clauses of Memorandum of Association

   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 Section 13 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under, consent of the Board of Directors of the Company be and is hereby accorded and subject to the approval of Shareholders in General Meeting, to insert he following CLAUSES UNDER CLAUSE 3(a) THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY of the Memorandum of Association of Company:

   4) To carry on the business of acquiring, purchasing, leasing, exchanging, hiring, developing, operating, managing, owning, selling, letting, sub-letting, allotting, transferring, administering, dividing and sub-dividing land, buildings, hereditaments and immovable properties of every description, including agricultural land, mines, quarries, tea and coffee gardens, farms, gardens, orchards, groves, plantations and any estate, interest or right connected therewith; to undertake real estate and construction activities, including acting as brokers, agents and commission agents, and to prepare and develop building sites and construct, reconstruct, alter, improve, decorate, furnish, maintain, lease, hire, let or otherwise dispose of hotels, inns, flats, apartments, houses, restaurants, multiplexes, cinema houses, entertainment centres, shopping malls, markets, shops, workshops,

mills, factories, warehouses, cold storages, godowns, offices, hostels, safe deposit vaults, gardens, swimming pools, playgrounds and other residential, commercial, industrial, recreational and infrastructure facilities; to manage land, buildings and properties belonging to the Company or otherwise and to collect rents, income and other charges and provide related amenities, facilities and conveniences; and to undertake, execute and carry out construction, manufacturing, building, road-making, engineering, infrastructure and other works as general or sub-contractors for any person, firm, association of persons, society, company, public body, government, army, navy, railway or other entity, either independently or in association, partnership or collaboration with other persons or entities, as may be considered expedient by the Company.

5) To carry on the business of providing comprehensive manpower recruitment, placement and human resource consultancy services, including HR and payroll management, staffing, training and development, security personnel deployment and allied workforce solutions, together with integrated security, surveillance and fire safety services, including access control, visitor management, CCTV installation and monitoring, incident reporting, fire safety equipment, compliance audits and emergency response solutions, for corporate, government, healthcare, NGO, institutional, commercial and industrial sectors, both in India and globally.

6) To carry on the business of manufacturing, processing, designing, developing, assembling, fabricating, importing, exporting, buying, selling, trading, distributing, supplying, stocking, marketing and otherwise dealing in all kinds of hardware, architectural hardware, building hardware, furniture hardware, door and window hardware, fittings and fixtures, including hinges, handles, knobs, locks, latches, bolts, brackets, fasteners, screws, nails, anchors, profiles, channels, rails, cabinet fittings, drawer systems, furniture fittings, bathroom and sanitary fittings, glass fittings, aluminium and metal fittings, and other allied products, accessories, components and materials used in residential, commercial, industrial, institutional and infrastructure projects, whether made of metal, alloy, plastic, wood, glass or any other material, and to undertake all activities incidental or ancillary thereto, including agency, dealership, distribution, wholesale and retail of such products and providing related installation, maintenance and support services and designing, planning, supplying, executing and installing modular interior solutions, including space planning, modular partitions, cabinetry and complete interior fit-outs, for government offices, educational institutions, healthcare facilities, corporate establishments and other commercial or institutional premises.

7) To carry on the business of providing, operating, hiring, leasing and renting of lorries, trucks, ambulances, mobile medical units, cars, vans, buses and other motor vehicles, whether owned or otherwise, for transportation of passengers, goods, materials and other purposes, and to undertake all incidental and ancillary activities connected therewith.

8) To carry on the business of developing, providing and implementing AI-powered surveillance, smart facility management, digital operations and data analytics solutions, including automated monitoring, predictive maintenance, access control integration, process automation and digital reporting systems, for enhancing operational efficiency in logistics, security, facility management, warehousing, transportation, procurement and other institutional and governmental operations.

9) To carry on the business of providing hospitality and allied services, including operating, managing and maintaining hotels, resorts, guest houses, serviced apartments, restaurants, cafés, food and beverage outlets, banquet halls and other hospitality establishments, together with accommodation, catering, event management and related services.

"**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: 08.09.2026
Registered Office:
6 & 6/1, Gurgola Ghat Road, Howrah – 711106
Contact: 033-2655-8101
Email: info@karnikaindustries.com
CIN: L17299WB2022PLC25303
Website: www.karnikaindustries.com

For Karnika Industries Limited

Sd/-
Managing Director
Niranjan Mundhra
DIN: 05254448

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. The Ministry of Corporate Aairs ('MCA'), vide its General Circular No. 20/2020 dated May 05, 2020 read with subsequent circulars issued from time to time, the latest one being General Circular no. 03/2025 dated September 22, 2025 ('MCA Circulars'), and other applicable Circular issued by the Securities and Exchange Board of India ('SEBI') ('SEBI Circular') has allowed the Companies to conduct the AGM through Video Conferencing or Other Audio-Visual Means ('VC/OAVM') till further orders. In accordance with the MCA Circulars, provisions of the Act, the 4th AGM of the Company is being held through VC/ OAVM. The deemed venue for the AGM shall be the Registered Office of the Company at 6 & 6/1, Gurgola Ghat Road, Howrah – 711106.

3. 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.

4. 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. Members intending to authorise their representatives to participate and vote at the Meeting are requested to send a scanned copy (PDF/JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at cs@karnikaindustries.com.

5. 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.

6. 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.

7. 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.

8. 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.

9. Pursuant to the provisions of Section 91 of the Act, read with Rule 10 Companies (Management and Administration) Rules, 2014, and pursuant to Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 19, 2026 to Wednesday, September 30, 2026 (both days inclusive).

10. Any person or non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e. 19th day of September 2026, 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. **19th September, 2026** may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

11. Details as required in Regulations 26(4) and 36(3) of Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('ICSI'), in respect of the Directors seeking appointment/re-appointment at the AGM forms integral part of this Report. Requisite declarations have been received from the Directors seeking appointment/re-appointment. Details of Directors retiring by rotation/seeking appointment/ re-appointment at this Meeting are provided in the 'Annexure' to the Notice. In terms of the provisions of Section 152 of the Act, Mrs. Kirti Mundhra (DIN - 09549207), Non-Executive Non-Independent Director retires by Rotation at the 4th Annual General Meeting. Mrs. Kirti Mundhra (DIN - 09549207) is interested in the Ordinary Resolution set out at Item No. 3 of the Notice with regard to his appointment.

12. ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

    In compliance with the MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the Financial Year ended 2025-2026 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Additionally, in accordance with Regulation 36(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is also sending a letter to Shareholders whose e-mail addresses are not registered with Company/Registrar/DP providing the weblink of Company's website from where the Annual Report for FY 2025-2026 can be accessed. Members may note that the Notice and Annual Report 2025-2026 will also be available on the Company's website www.karnikaindustries.com and on the website the National Stock Exchange of India Limited ('NSE') at www.nseindia.com

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

The remote e-voting period begins on 26th September, 2026 at 09:00 A.M. and ends on 29th September, 2026 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. 19th day of September, 2026 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 19th day of September 2026.

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	1. For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. 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. 2. 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. 3. 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 4. 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. 5. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	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.
Individual Shareholders (holding securities in demat mode) login through their depository participants	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.

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
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 2109911

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode.<u>**How to Log-in to NSDL e-Voting website?**</u>

<u>**How to Log-in to NSDL e-Voting website?**</u>

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 eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices 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 user 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 "<u>**Forgot User Details/Password**</u>?"(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.

   After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
   1. Now, you will have to click on "Login" button.
   2. 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 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 cs@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 cs@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 cs@karnikaindustries.com. between **24TH September, 2026** (1.00 p.m. IST) and **25th September, 2026** (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. 19th day of September, 2026 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 26th September, 2026 and shall end on 29th September, 2026 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 2026, 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.

5. Your Board has appointed Mrs. Poonam Binani, Practicing Company Secretary (CP No.: 12552/ Membership No. A33638), to act as a Scrutiniser, to scrutinise the entire E-voting process in a fair and transparent manner. The Members desiring to vote through remote E-voting are requested to refer to the detailed procedure given hereinafter.

6. The Chairman shall, during the AGM, at the end of discussion for the Resolutions on which voting is to be held, allow voting with the assistance of Scrutiniser, by way of E-voting system for all those Members who are present at the AGM through VC/ OAVM but have not cast their votes by availing the remote E-voting Facility.

7. The Scrutiniser shall after the conclusion of voting at the Meeting, will first count the votes cast at the Meeting by way of E-voting and thereafter unblock the votes cast through remote E-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two working days of the conclusion of the AGM, a consolidated Scrutiniser's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.

8. The Results declared along with the report of the Scrutiniser shall be placed on the website of the Company www.karnikaindustries.com immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

9. Members who wish to inspect the documents, as mentioned in the Notice of the AGM or as required under the law, may write to the Company at cs@karnikaindustries.com and the Company shall endeavour to provide inspection of documents by such Member. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode, basis the request being sent on cs@karnikaindustries.com.

10. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection.

Members are requested:

1. Write to the Company through email at cs@karnikaindustries.com atleast 7 days before the date of the Meeting, in case they desire any information as regards the Audited Accounts for the Financial Year ended March 31, 2026.

2. Intimate to the Registrar & Transfer Agent (RTA) of the Company immediately, about any change in their address.

3. Pursuant to Section 101 and Section 136 of the Act, read with relevant Rule made there under, Companies can serve Notice and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository Participant(s).

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	9549207
Age	31
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 31.03.2026	1300

Place: Howrah
Date: 08.09.2026

For Karnika Industries Limited

Sd/-
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.-4

Pursuant to the Section 180(1)(c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid-up Share capital of the Company and its free reserve and securities premium requires the approval from the Shareholders of the Company.

The Members of the Company had vide Special resolution passed in the Extraordinary General Meeting held on Friday, March 31, 2023, authorised the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding Rs. 100 Crores (Rupees One Hundred Crores Only), for the business of the Company. Over the last 3 years, the Company has significantly scaled up its project pipeline and has announced projects involving investments in order to enter into different sectors as stated for alteration in object clause.

The Company continues to witness a large opportunity size across its business verticals, driven by increasing outsourcing opportunities, strong relationships with marquee customers and a substantial proportion of projects being backed by long-term customer contracts. The Company's demonstrated track record of securing and timely commercialising projects provides a strong foundation for its next phase of growth. In order to capitalise on the significant opportunities available and support the timely execution and commercialisation of upcoming projects, it is important for the Company to maintain adequate funding headroom.

Accordingly, the proposed enhancement in the borrowing limit from Rs. 100 Crores to Rs. 500 Crores will provide the Company with the necessary financial flexibility to fund its growing business requirements and pursue identified growth opportunities, thereby enabling the Company to continue on its growth trajectory while maintaining financial discipline.

However, keeping in view Company's requirements to fund its growing activities and operations, the Board of Directors of the Company at its Meeting held on Tuesday, September 8, 2026, proposed to raise the existing borrowing limit from Rs. 100 Crores (Rupees One Hundred Crores Only) to Rs. 500 Crores (Rupees One Five Hundred Crores Only), which is subject to the approval of the Shareholders of the Company under the provisions of Section 180(1)(c) of the Companies Act, 2013 (the "Act"). Your consent is required under the provisions of Sections 180(1)(c) of the Act, to increase the borrowing limits.

Accordingly, the Board of Directors recommends the Special Resolution at Item no. 4 of the accompanying Notice for the approval of Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are is in any way, concerned or interested, financial or otherwise, in this resolution except to the extent of their Shareholding in the Company, if any.

Item No. 5

The Members of the Company had vide Special resolution passed in the Extraordinary General Meeting held on Friday, March 31, 2023, authorised the Board of Directors to create charge/ mortgage/ hypothecation on the Company's assets, both present and future, in favour of the lenders/ trustees for the holders of debentures, to secure the repayment of monies borrowed by the Company. Under the provisions of Section 180(1)(a) of the Companies Act, 2013 the above powers can be exercised by the Board only with the consent of the Shareholders obtained by way of a Special Resolution.

Accordingly, the Board of Directors at its Meeting held on Tuesday, September 8, 2026, proposed to obtain fresh approval of the Shareholders by way of a Special Resolution under Section 180(1)(a) of the Companies Act, 2013, to create charge/ mortgage/ hypothecation /pledge on the Company's assets including tangible and intangible, both present and future, in favour of the Banks, Financial Institutions, any other Lender(s), Agent(s) and Trustee(s), for securing the borrowing availed or to be availed by the Company, by way of loans, debentures (comprising fully/partly Convertible Debentures and/or Secured/ Unsecured Non-Convertible Debentures or any other securities) or otherwise, in foreign currency or in Indian rupees, from time to time up to the limits approved or as may be approved by the

Shareholders from time to time under Section 180(1)(c) of the Companies Act, 2013.

Accordingly, the Board of Directors recommends the Special Resolution at Item no. 5 of the accompanying Notice for the approval of Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financial or otherwise, in this resolution except to the extent of their Shareholding in the Company, if any.

Item No.-6

In line with the Company's business blueprint and to facilitate expansion into different sectors of business and in order to operationalize the aforesaid entities and support their business activities, the Company may be required, from time to time, to make investments and provide financial assistance in the form of loans, guarantees and/or securities to eligible bodies corporate.

Such transactions are essential for funding initial capitalization, working capital requirements and future growth of the operations. Accordingly, it is necessary for the Company to obtain the approval of its members to enable the Board of Directors to undertake such investments and provide financial support in compliance with the applicable provisions of law.

In this regard, pursuant to the provisions of Section 186(2) of the Companies Act, 2013 (Act'), the Company shall not directly or indirectly: a) give any loan to any person or other body corporate, b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its premium account whichever is higher. Accordingly, pursuant to the provisions of Section 186 (3) of the 'Act', where the giving of any loan or guarantee or providing any security or the acquisition of securities exceeds the limits specified in Section 186 (2) of the 'Act', prior approval by means of a Special Resolution is necessary.

In line with the Company's long-term growth objectives and the proposed expansion, the existing limits may be insufficient to support the anticipated funding requirements. Accordingly, it is proposed to seek the prior approval of the members by way of an enabling Special Resolution to authorize the Board of Directors to grant loans, provide guarantees and/or securities and make investments up to an enhanced limit of Rs. 500 crore (Rupees Five Hundred Crore only), over and above the limits specified under Section 186(2) of the Act, at any point of time.

The Board recommends the resolution set forth in Item No. 6 for the approval of the members.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the resolution set out in the Notice, except to the extent of their shareholding, if any.

Item No.-7

As per the provisions of Section 185 of the Companies Act, 2013, no company shall, directly or indirectly, advance any loan including any loan represented by a book debt, business advance, advance for securing supplies of services / goods on a future date to any of its Directors or to any other person in whom the Director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person. However, in order to promote ease of doing business, the entire Section 185 of the Companies Act, 2013 has been substituted vide Companies (Amendment) Act, 2017 and the same was notified by the Ministry of Corporate Affairs on 7th May 2018. In terms of the amended Section 185 of the Act, a company may advance any loan, including any loan represented by a book debt, to any person in whom any of the Directors of the Company is interested or give any guarantee or provide any security in connection with any loan taken by any such person, subject to the condition that approval of the shareholders of the Company is obtained by way of passing a Special Resolution and requisite disclosures are made in the Explanatory Statement.

The Management is of the view that the Company may be required to invest funds in joint ventures, strategic alliance and other entities in the normal course of its business, make business advances or otherwise, give guarantee or provide any security in connection with any loans / debentures / bonds etc. raised by its associate or wholly owned subsidiary or to any other body corporate(s) in which the Directors of the Company may be interested, as and when required.

Hence, as an abundant caution, the Board decided to seek approval of the shareholders pursuant to the amended provisions of Section 185 of the Act to advance any loan, including any loan represented by book debt, to its subsidiary company(ies) (Indian or overseas) or other body corporate(s) in whom any of the Directors of the Company is interested or to give guarantee or provide any security in connection with any loans / debentures / bonds etc raised by its subsidiary companies) (Indian or overseas) or other body corporate(s)in whom any of the Directors of the Company is interested up to limits not exceed a sum of Rs. 500 crore (Rupees Five Hundred Crore only).

The Board recommends the resolution set forth in Item No. 7 for the approval of the members.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise, in the resolution set out in the Notice, except to the extent of their shareholding, if any

Item No.-8

The Board of Directors of the Company, at its meeting held on Tuesday, September 8, 2026, considered and approved the proposal for insertion of additional clauses under Clause 3(a) – Main Objects to be pursued by the Company of the Memorandum of Association ("MOA") of the Company, subject to the approval of the Members of the Company by way of Special Resolution.

The proposed alteration of the Main Object Clause is intended to broaden and align the objects of the Company with its proposed and prospective business activities and to provide the Company with adequate flexibility to undertake and develop various business opportunities in the fields of real estate, construction, manpower and human resource services, security and surveillance, hardware and fittings, transportation, artificial intelligence-based solutions, facility management and hospitality services.

The proposed alteration is considered necessary and expedient to enable the Company to diversify its business activities, explore new opportunities and undertake the aforesaid activities in accordance with applicable laws and regulatory requirements. The proposed alteration will also enable the Company to undertake activities which are incidental and ancillary to the attainment of the aforesaid objects.

The Board is of the view that the proposed alteration of the Main Object Clause is in the best interests of the Company and its Members and accordingly recommends the Special Resolution set out in the accompanying Notice for approval of the Members.

Accordingly, the Board of Directors recommends the Special Resolution at Item no. 6 of the accompanying Notice for the approval of Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financial or otherwise, in this resolution except to the extent of their Shareholding in the Company, if any.

Place: Howrah
Date: 08.09.2026

For Karnika Industries Limited

Sd/-
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

Directors' Report

The Board of Directors of your Company take immense pleasure in presenting the Fourth Annual Report on the operational and business performance, along with the Ind AS Financial Statements for the financial year ended March 31, 2026.

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:

Particulars	Standalone		Consolidated
	F.Y.2025-26	F.Y. 2024-25	F.Y.2025-26
Revenue from operation	22,428.14	17,254.85	24,847.90
Other Income	868.12	373.12	868.95
Total Income	**23,296.26**	**17,627.97**	**25,716.85**
Profit before interest & depreciation	4,360.80	2,976.36	4,594.30
Less: Finance Cost	538.16	446.38	540.51
Less: Depreciation	163.49	112.87	166.10
Profit before tax	**3,659.15**	**2,417.11**	**3,887.69**
Less: Tax Expenses			
- Current Tax*	1006.35	615.17	1,064.34
- Deferred Tax	-14.93	-1.11	-15.31
Profit/(Loss) After Tax (PAT)	**2,667.73**	**1,803.05**	**2,838.66**
Other Comprehensive Income/(Loss)	-193.60	-23.12	-193.60
Total Comprehensive Income	**2,474.13**	**1,779.93**	**2,645.07**

* Current Tax includes tax for earlier years

2. Performance of the Company

Karnika Industries Limited is a leading name in children's garment manufacturing, recognized for its financial stability and strong management practices. Backed by a team of skilled professionals, the company is committed to designing a wide range of creative kids' clothing, including shorts, joggers, t-shirts, capris, rompers, pyjamas, winter wear, and infant wear.

Total Revenue for the company increased to Rs. 23,296.26 Lakhs in the current fiscal year from Rs. 17,627.97 Lakhs in the previous year, an increase of 32.16% over the last year. The total spending for the current year was Rs. 19,637.11 Lakhs as compared to Rs. 15,210.87 Lakhs in the previous year, an increase of 29.10% over the last year.

This led to a notable increase in net profit, which rose to Rs. 2,667.73 lakhs compared to Rs. 1,803.05 lakhs in the prior year, an increase of 47.96 % over the previous year. This remarkable expansion resulted in an earnings per share of Rs. 6.41. These results reflect the company's ongoing commitment to performance, resilience, and efficiency.

3. 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.

4. Dividend

During the year under review your directors declared its 1st Interim Dividend for F.Y. 2025-26 of Rs. 0.10 per equity share of Rs 10 each. This dividend amounted to Rs. 61.99 Lakhs. This was distributed to shareholders, whose names appeared on the Register of Members as on November 17, 2025.

Transfer of unpaid & unclaimed Dividends & Shares to Investor Education and Protection Fund (IEPF)

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") there was no unclaimed/unpaid dividend that are required to be transferred to Investor Education and Protection Fund.

5. Capital Structure of the Company

During the year under review, the Authorized Share Capital of the Company was updated pursuant to Extraordinary General Meeting held on 18th August, 2025.

The Authorized Equity Share Capital of the Company increased from Rs. 2500.00 Lacs (Rupees Twenty-Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10/- each to Rs. 7000.00 Lacs (Rupees Seventy Crores) divided into 7,00,00,000 (Seven Crores) Equity Shares of Rs. 10/- each.

The Issued, Subscribed and Paid-up Share Capital of the Company increased from 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 to Rs.6199.75 Lacs (Rupees Sixty-One crores Ninety-Nine Lacs Seventy-Five Thousand) divided into 6,19,97,500 (Six Crores Nineteen Lacs Ninety-Seven Thousand Five Hundred) Equity Shares of Rs.10/- each pursuant to Bonus Issue which has been approved by the shareholders in Extraordinary General Meeting held on 18th August, 2025 and allotted on 1st September 2025.

6. 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.

7. Web Address of Annual Return

Annual Return for the year 2025-26 shall be made available at https://www.karnikaindustries.com/ under Investor Relations tab "Annual Return".

8. Board of Directors, Board Committees and Key Managerial Personnel

Composition of the Board and Committees

The composition of the Board of Directors and its Committees, viz., Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee are constituted in accordance with Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable. The details are provided in Corporate Governance Report which forms the part of the Annual Report.

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

During the year under review Mr. Suraj Kumar Singh (DIN-03592889) and Mr. Yash Jhawar (DIN-11590536) has been appointed as an Additional Independent Director at Board Meeting held on 29th August, 2025 and 14th March, 2026 respectively by the Board of Directors of the Company and Mr. Shashikant Soni (DIN-10570038) resigned on 29th August, 2025.

At Annual General Meeting held on 29th September, 2025, Mr. Suraj Kumar Singh (DIN-03592889) has been appointed as Independent Director from Additional Independent Director and resigned on 11th February, 2026.

After the closure of financial year Mr. Yash Jhawar (DIN-11590536) has been appointed as an Independent Director at an Extraordinary General Meeting held on 11th May, 2026.

Retirement by Rotation

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.

Meetings of the Board & Committees

The details of Board and Committee Meetings held during the Financial Year ended on March 31, 2026 and the attendance of the Directors are set out in the Corporate Governance Report which forms part of this report. The maximum time gap between any two Board Meetings was not more than 120 days as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Secretarial Standard on Meetings of the Board of Directors.

The details of meeting of Independent Directors are set out in the Corporate Governance Report which forms part of this report.

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 www.karnikaindustries.com.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

9. Company's Policy relating to Directors' Appointment, Payment of Remuneration and discharge of their duties

Your Company has adopted a policy relating to appointment of Directors, payment of managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. The Policy has been uploaded on the Company's website www.karnikaindustries.com.

10. Board's Independence

In accordance with Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2015.

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, 2015 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:

Mrs. Kirti Taparia (DIN-10083439)

Mr. Yash Jhawar (DIN-11590536)

Mr. Suraj Kumar Singh (DIN-03592889) (Resigned on 11th February, 2026)

Mr. Shashikant Soni (DIN-10570038) (Resigned on 29th August, 2025)

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 06.12.2025 without the presence of Non-Independent Directors and members of the management. During the meeting, they, inter alia, reviewed.

a. the performance of the 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.

11. 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. A declaration by the Managing Director confirming compliance with the Code by the Board of Directors and Senior Management is attached as Annexure to this Report.

12. 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: 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 2025-26, there were no instances of non-compliance or violations under this Code.

13. Business Responsibility and Sustainability Report

In accordance with provisions of Regulation 34(2)(f) of SEBI Listing Regulations the Company being SME listed and not under Top 1000 listed Companies, requirement of Business Responsibility and Sustainability Report is not applicable to the Company.

14. 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, 2026, have been prepared in compliance with the applicable accounting standards and the requirements specified under Schedule III of the Act, without any material deviations.

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

b. 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;

c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors have prepared the annual accounts on a going concern basis; and

e. 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.

Key Managerial Personnel

Following officials are appointed as the Key Managerial Personnel ('KMP') of the Company:

Mr. Niranjan Mundhra (Managing Director)

Mr. Shiv Shankar Mundhra (Whole-time Director)

Mr. Mahesh Kumar Mundhra (Whole-time Director)

Mr. Krishan Kumar Karnani (Chief Financial Officer)

Mrs. Muskan Bubna (Company Secretary and Compliance Officer)

15. 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. 2025-26.

The Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company for the F.Y. 2025-26.

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 Regulation 24A of the SEBI Listing Regulations 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 and ratified in the Annual General Meeting held on 29th September, 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, 2026, is annexed 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 2025-26.

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.

16. 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.

17. 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.

18. Particulars of Contracts or Arrangements with Related Parties

All transactions entered with Related Parties during the FY 2025-26 were on an arm's length basis and in the ordinary course of business and the provisions of Section 188 of the Companies Act, 2013 are not attracted. The transactions are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, during the year under review, there were no materially significant related party transactions which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable to the Company.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted, along with a statement giving details of all related party transactions, are placed before the Audit Committee for its review on quarterly basis.

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 www.karnikaindustries.com. There were no materially significant related party transactions which could have potential conflict with the interests of the Company at large.

The details of the transactions with related parties pursuant to IND AS during FY 2025-26 are provided in the accompanying financial statements.

19. 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, 2026, a total of 6,19,97,500 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, 2026, is as follows:

	CDSL	NSDL	Total
Shares in Demat (in Nos.)	1,12,62,000	5,07,35,500	6,19,97,500
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.

20. 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

21. 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.

22. 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

a. The Company remains committed to embracing advanced technologies to boost productivity and improve product quality.

b. 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.

c. The expenditure incurred on Research and Development:

C. Foreign Exchange Earnings & Outgo

Particulars	31.03.2026 (Rs. lakh)	31.03.2025 (Rs. lakh)
Earnings	740.87	1,591.45
Outgo	-	1.68

23. 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.

24. 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 www.karnikaindustries.com.

Based on the Company's profitability and turnover, it was obligated to undertake CSR activities during the financial year 2025–2026, 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 are annexed to this report. 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.

25. 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 www.karnikaindustries.com.

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

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

The company has acquired 75% shareholding of Kidcity Solutions Private Limited during the quarter ending December, 2025 as a result of which it became the subsidiary of the Company, Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the subsidiary are attached to the financial statements in Form AOC-1 and is annexed herewith and forms a part of this Report.

27. 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.

28. 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 the Corporate Governance Report which forms the part of the Annual 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.

29. Changes in Nature of Business

The Company is engaged in the Business of Manufacturing and Trading in Children wear. There has been no change in the nature of the Business of the Company.

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

There were no material changes during the year affecting the Financial Position of the Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

31. 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.

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

The Company maintains a zero-tolerance policy towards sexual harassment at the workplace and has implemented a comprehensive policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and the Rules framed thereunder. An Internal Complaints Committee (ICC) has been duly constituted to investigate and address complaints of sexual harassment.

The Company is committed to fostering a safe, respectful, and inclusive work environment and ensures equal opportunities for all employees, irrespective of race, caste, gender, religion, colour, nationality, disability, or other personal attributes. This policy is applicable to all female associates, including permanent, temporary, contractual employees, trainees, visitors, and service providers. The Company is dedicated to upholding the dignity of every individual and preventing any form of sexual harassment—be it physical, verbal, or psychological.

During fiscal year under review, the company received no accusations of sexual harassment.

33. 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

34. 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.

35. 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 Report (MDA)**. This report forms an integral part of the Annual Report and is annexed to this report.

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 but pursuant to its Extraordinary General Meeting held on 18th August, 2025 for Bonus Issue the Paid-Up share Capital of the Company has exceeded beyond Rs. 25 crores and hence the company has to undertake all the compliances applicable to a company listed on Main Board as per the Proviso to Reg. 280 of SEBI ICDR Regulations 2018 as amended on March 8, 2025. Therefore, Corporate Governance Report and a certificate of the Practicing Company Secretary has been attached as Annexure to this report.

36. Education, Training and Development

In today's dynamic corporate environment, training and development are no longer peripheral functions but strategic imperatives essential to sustained business growth. The Management of your Company views training as a vital investment towards enhancing employee capabilities and fostering a culture of continuous learning across the organization.

The Company's structured training and development programs are designed to ensure that every employee gains consistent exposure and a strong foundation of knowledge relevant to their role. These initiatives are aligned with organizational objectives, thereby enhancing both the competence and confidence of the workforce.

The Company adopts a results-oriented approach, treating investment in training as a form of capital investment. Emphasis is placed on achieving tangible business outcomes, including improved productivity, operational efficiency, and enhanced effectiveness across various functions.

The Company's continued focus on upskilling and reskilling of its employees not only accelerates their professional development but also strengthens the Company's competitive positioning in the market.

37. 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.

38. Other Disclosures

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

39. Maternity Benefit

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.

40. 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 2025-26 and the same was resolved in the prescribed timeline.

41. Appreciation

The Board of Directors places on record its sincere appreciation to the shareholders, clients, bankers, and all other stakeholders of the Company for their continued trust, confidence, and support extended during the year under review. The Directors also wish to express their deep gratitude to the employees at all levels for their unwavering dedication, commitment, and hard work, which have been instrumental in driving the Company's performance and growth.

The Company firmly believes that its leadership team possesses the requisite experience, strategic acumen, and capability to steer the organization through its next phase of sustained growth. The Company remains committed to continuously enhancing employee skillsets and strengthening its resource base to meet evolving business requirements. This sustained investment in leadership development and operational excellence positions the Company well to deliver consistent and reliable performance in the years ahead.

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

Sd/-	Sd/-
Niranjan Mundhra	**Mahesh Kumar Mundhra**
Managing Director	Whole-Time director
DIN: 05254448	DIN: 08577538

Place: Howrah
Date: 08.09.2026

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

Amount in Lakhs

S. No.	Particulars	Details
1	Name of the subsidiary	Kidcity Solutions Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2026
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
4	Share capital	326.6
5	Reserves & surplus	315.53
6	Total assets	2,973
7	Total Liabilities	2,973
8	Investment	-
9	Turnover	3,189.97
10	Profit before taxation	229.64
11	Provision for taxation	-
12	Profit after taxation	172.03
13	Proposed Dividend	0
14	% of shareholding	75%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

S. No.	Particulars	Details
	Name of Associates	N. A.
1.	Latest audited Balance Sheet Date	-
2.	Shares of Associate/Joint Ventures held by the company on the year end:	-
	No.	-
	Amount of Investment in Associates/Joint Venture	-
	Extend of Holding%	-
3.	Description of how there is significant influence	-
4.	Reason why the associate/joint venture is not consolidated	-
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	-
6.	Profit/Loss for the year	-
	Considered in Consolidation	-
	Not Considered in Consolidation	-

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

Date-08.09.2026
Place-Howrah

Management Discussion and Analysis

Economy

Global Economy

The global economy demonstrated resilience during FY 2026-27, supported by overall growth moderated amid heightened uncertainty. The year was marked by escalating trade tensions, the imposition of tariffs, and geopolitical conflict — particularly in the Middle East — which together contributed to volatility in energy markets and disruption across global supply chains. Uncertainty surrounding key trade routes, including the Strait of Hormuz, led to fluctuations in oil prices, freight costs, and insurance premiums, weighing on global business sentiment through the year.

According to the International Monetary Fund ("IMF"), global growth is projected at 3.1% in 2026, with a marginal improvement to 3.2% in 2027, under a scenario in which the conflict remains contained.

For Karnika Industries Limited, this global backdrop carries direct relevance: as a manufacturer serving both domestic and export markets, the Company remains attentive to movements in input costs, freight and logistics expenses, and shifts in global demand that stem from this wider economic environment.

Indian Economy

India's economy sustained a robust growth trajectory through FY 2025-26, underpinned by supportive domestic conditions — namely, moderating inflation, accommodative monetary policy, and continued public capital expenditure. Inflation remained well within comfortable levels for much of the year, serving as a key anchor of macroeconomic stability. While price pressures are expected to firm modestly in the closing months of the fiscal year on account of base effects, underlying inflation is assessed to remain contained.

According to the Press Information Bureau ("PIB"), real GDP is estimated to have grown 7.4% in FY26, propelled by strong consumption and investment activity, and reaffirming India's standing among the world's fastest-growing major economies. Manufacturing and services continued to anchor this growth, with manufacturing output rising 8.4% in the first half of the fiscal year. Within the textile sector, sustained domestic demand and supportive policy measures underpinned performance, with India's textile exports rising 2.1% to reach ₹3.2 lakh crore in FY26, despite continuing uncertainty in global trade.

Looking ahead, the outlook for FY27 remains constructive, with GDP growth projected in the range of 6.8% to 7.2%, supported by strengthening domestic demand, sustained public capital investment, and the continued pursuit of structural reform.

Source: International Monetary Fund; Press Information Bureau

Textiles Industry

Global Textile Industry

The global textile industry remains a key pillar of the international manufacturing ecosystem, underpinned by strong linkages with the apparel, home furnishing, and industrial sectors. The industry has demonstrated steady growth and is expected to expand from USD 660.1 billion in 2025 to USD 703.0 billion in 2026, growing at a CAGR of approximately 7% to reach USD 919.1 billion by 2030 — a trajectory that continues to support demand for garment manufacturers such as the Company.

This growth is driven by rising disposable incomes, urbanisation, and evolving consumer preferences, particularly within the Asia-Pacific region, which accounts for nearly half of global textile consumption and production, and where the Company's manufacturing base is located. The industry has, however, faced heightened volatility on account of macroeconomic pressures and shifting global trade dynamics. Ongoing geopolitical tensions between the United States and China have led to the imposition of tariffs on textile and apparel products, prompting global brands to diversify sourcing away from traditional hubs. This shift has resulted in the diversification of supply chains, with countries such as India, Bangladesh, Indonesia, Thailand, and Sri Lanka gaining prominence as alternative manufacturing bases — a trend that directly benefits India-based garment manufacturers positioned to absorb this reallocation of sourcing. Despite near-term challenges arising from tariffs and trade disruption, the long-term outlook remains positive, supported by favourable demographics, rising per capita consumption, and continued technological advancement.

Source: The Business Research Company

Indian Textile Industry

India's textile industry remains a key manufacturing sector, driven by a large domestic consumption base, a diversified product portfolio, and a growing presence in global trade — the very ecosystem within which the Company operates as a kidswear-focused garment manufacturer. The Indian textile market recorded a CAGR of approximately 6% over FY22–26, driven by robust growth in the apparel segment and steady domestic demand. The sector contributes approximately 2% to India's GDP and is expected to nearly double its share to approximately 5% by 2030.

While the year began with healthy export growth, tariff changes introduced in August reshaped the global competitive landscape; nonetheless, India sustained its position in key export markets, supported by its established manufacturing capabilities and continued policy support. Government initiatives — including export incentives under RoDTEP and RoSCTL, GST rationalisation, and infrastructure development through initiatives such as PM MITRA Parks — continue to strengthen the competitiveness of manufacturers such as the Company. Further, the allocation of ₹5,279.01 crore to the Ministry of Textiles under the Union Budget FY26–27 is expected to provide additional support to the industry. According to IMARC, the Indian textile market is projected to reach USD 213.75 billion by 2034. With a favourable policy environment and a growing focus on scale and efficiency, the industry — and the Company within it — remains well positioned for sustained long-term growth.

Source: India Brand Equity Foundation (IBEF)

Exports

India's textile industry continues to demonstrate strong export performance, supported by rising global demand, competitive production costs, and a diversified presence across international markets. During FY26 (April–December 2025), India's textile and apparel exports stood at USD 27,312.7 million, with growth recorded across more than 100 global destinations.

India's textile exports have reached ₹3 lakh crore, and the Government aims to triple this figure to ₹9 lakh crore by 2030 through the strengthening of domestic manufacturing capabilities and the expansion of India's global reach — an ambition that creates meaningful headroom for established garment manufacturers to scale export volumes.

Trade agreements are expected to further enhance India's export competitiveness. The India-UK Free Trade Agreement, signed in July 2025, provides duty-free access for Indian textile exports, helping close the 10–12% tariff gap with competing exporters. This is expected to boost India's textile exports to the UK from USD 1.79 billion to as much as USD 5 billion, benefiting labour-intensive categories such as garments and home textiles — directly relevant to the Company's own product categories — while supporting traditional clusters and export hubs such as Tirupur.

Source: India Brand Equity Foundation (IBEF)

Apparel & Retail

Global Industry

The global apparel industry has witnessed modest growth over the past decade, with exports increasing from USD 470 billion in 2014 to USD 546 billion in 2025. Apparel remains the dominant segment, contributing nearly 60% of global textile and apparel trade — the category in which the Company operates.

The global apparel sourcing landscape is undergoing a structural shift, as brands diversify supply chains beyond China to enhance resilience and manage rising compliance and geopolitical considerations. This has created opportunities for emerging manufacturing hubs, including Bangladesh, Vietnam, India, and Indonesia. Countries with favourable trade agreements, robust manufacturing infrastructure, and efficient supply chains are well positioned to benefit, and Indian garment manufacturers with established compliance and quality systems — such as the Company — stand to gain disproportionately.

Source: Motilal Oswal Thematic Report

Indian Market

In FY26, India's textile and apparel industry witnessed a gradual shift from volume-led growth towards value-added categories, supported by rising domestic demand and evolving trade dynamics — a shift consistent with the Company's own focus on design-led, branded kidswear rather than pure volume manufacturing. The Indian textile and apparel industry is valued at USD 194 billion in FY26, including exports of USD 37 billion. On the export front, India ships to more than 100 countries, with the United States, the European Union, and the United Kingdom accounting for the top three import destinations. Together, the US and EU represent the largest textile and apparel export markets for India, with a combined share of approximately 47% of exports. While India currently accounts for approximately 4–5% of global apparel trade, this indicates significant headroom for market share expansion as global brands diversify sourcing beyond China and increasingly favour large-scale, compliant suppliers — positioning manufacturers with established infrastructure, such as the Company, to capture a growing share of this reallocation.

Additionally, India has signed trade agreements with the United States, the United Kingdom, and the UAE, which are expected to boost exports going forward by providing a competitive edge over other exporting countries. Looking ahead, the Government of India has set an ambitious target to scale the textile market to USD 350 billion by 2030, up from USD 194 billion in FY26 — implying a CAGR of approximately 13%, driven by strong export growth of approximately 22% CAGR alongside steady domestic demand.

Source: Motilal Oswal Thematic Report; Ministry of Textiles, MOFSL

Company Overview

Karnika Industries Limited is a leading manufacturer and exporter of kids wear, with a strong focus on sustainability and operational excellence. The company operates a vertically integrated manufacturing garmenting, enabling consistent quality, cost efficiency, and supply chain reliability. The Company core business is anchored by its garment division, which specializes in infant wear and children's apparel for global markets. The company caters to a diversified international customer base across the Middle East, supported by long-standing relationships and high compliance standards.

Beyond its core export business, the Company has acquired Kidcity Solutions Private Limited which enabled its entry into the D2C/SIS Model sector in the garment industry. In the domestic market, the Company operates established brands such as Karnika Care, Karnika Cool, Karnika Qube, Karnika Life, Karnika

Key and Karnika Club. In FY2025-26, the Company focused on strengthening its manufacturing capabilities and global footprint.

Employee Welfare

Karnika Industries Limited is committed to promoting employee well-being, continuous learning, and workplace diversity. The company supports personal and professional growth through structured upskilling programs and wellness initiatives. By fostering an entrepreneurial culture, the Company empowers employees to take ownership, drive innovation, and contribute meaningfully to organizational success.

Risks and Concerns

Raw Material Risks:

Cotton remains the key raw material for the textile industry, and fluctuations in cotton prices can impact realizations and profitability. The Company mitigates this risk through prudent sourcing practices, efficient inventory management, and continuous operational improvements.

Inflation risk:

India has seen variable inflation trends historically. While fluctuations in inflation rates can present challenges in forecasting and managing our costs, they also encourage us to enhance our financial strategies and cost management practices. If there is an uptick in the cost of raw materials due to inflationary trends, or a rise in employee benefit payments driven by inflation in India, we are committed to implementing innovative measures to absorb these costs effectively. Our goal is to minimize the impact on our customers and maintain the integrity of our business operations.

Safety risk:

Ensuring a safe and healthy working environment for everyone is vital for boosting productivity and nurturing organisational development. We are equipped the workplace with the necessary safety equipment and keep all the machinery in good working order through regular maintenance and safety inspections.

Finance and credit risk:

We evaluate and manage credit risk on the basis of assumptions and factors influenced by market conditions. To mitigate credit risk, we diligently track the creditworthiness of debtors through internal systems that are configured to define credit limits of customers.

Regulatory Changes:

Adjustments to regulations and government incentives present opportunities for the company to adapt and innovate, potentially enhancing its business and profitability. The Indian government has historically supported the textile sector with incentives such as RoSCTL and EPCG fostering production and export growth. While these incentives may evolve, the company is poised to leverage its operational strength to maintain and improve its market position.

Financial Performance

Performance on a Standalone basis:

In FY 2025-26, your company has recorded revenue of Rs. 22428.14 Lakhs as against Rs. 17254.85 in FY 2024-25 with EBITDA stood as Rs. 4360.80 Lakhs in FY 2025-26 as against Rs. 2976.36 in FY 2024-25. PAT was Rs. 2667.73 Lakhs in FY 2025-26 as against Rs 1803.05 Lakhs in FY 2024-25. EPS for FY 2025-26 was Rs. 6.41 in FY 2025-26 as against Rs. 14.54 in the FY25.

Performance on a Consolidated basis:

In FY 2025-26, your company has recorded a consolidated revenue of Rs. 24847.90 Lakhs, EBITDA stood as Rs. 4594.30 Lakhs, PAT was Rs. 2838.66 Lakhs and EPS for FY 2025-26 were Rs. 6.72.

Internal control system and adequacy

The company's internal control systems for financial reporting are robust and are commensurate with its size and its industry sectors. These systems ensure efficiency and productivity at all levels, while safeguarding your company's assets. Stringent procedures are in place to ensure high accuracy in recording and providing consistent financial and operational support.

Business operations are closely monitored by the internal team and the Management. The Board is promptly notified in case of any deviations. To ensure seamless growth, risk identification & assessment and mitigation strategies are designed and continuously recalibrated on the basis of these findings.

Key Ratios

As per provisions of SEBI Listing Regulations, 2015, the significant financial ratios (calculated on standalone basis) are given below: -

Particulars	2025-26	2024-25	% Change	Explanation
Debtors Turnover	3.16	2.74	15.33%	N.A.
Inventory Turnover	3.44	2.76	24.64%	N.A.
Interest Coverage Ratio	8.01	6.66	20.27%	N.A.
Current Ratio	1.69	1.68	0.60%	N.A.
Debt to Equity Ratio	0.73	0.85	-14.12%	N.A.
Operating Profit Margin (%)	13.33%	11.85%	12.49%	N.A.
Net Profit Margin (%)	11.89%	10.45%	13.78%	N.A.
Return on Net worth (%)	24.95%	21.82%	14.34%	Increase in Profit

The Company's SWOT Analysis

Strengths

- Eleven-plus garment categories, spanning shorts, joggers, capris, tees, rompers, sleep suits, winter wear, infant wear, fancy suits, girls' separates, and jumpsuits, sit under one manufacturing roof, letting a single retailer source nearly its entire kidswear order from Karnika alone
- ISO 14001:2015 certification covers the Howrah facilities end to end, design, sampling, quality checks, ironing, and packing, all run through a job-work model that keeps the process tight
- Niranjan Mundhra has led the Company as Managing Director through a period of sustained growth, giving strategic decisions continuity rather than turnover-driven disruption
- Revenue climbed from ₹17,255 Lakhs in FY 2024-25 to ₹22,428 Lakhs in FY 2025-26, a jump of nearly 30 percent, while net profit rose from ₹1,803 Lakhs to ₹2,668 Lakhs over the same period.
- Return on equity has stayed strong, averaging around 35 percent across the past three years, with the trailing twelve months figure near 29 percent, a sign of efficient capital use
- More than 2,500 clients, spanning retailers and commission agents, keep coming back, a base built on consistent delivery

Weaknesses

- Debtor days increased to 158 days, and cash conversion cycle remains elevated (~269 days), suggesting potential liquidity strains.
- All manufacturing currently sits in Howrah, so any disruption local to that region carries outsized risk, and geographic scale-up would mean building fresh capacity elsewhere
- Exports make up a small slice of total business today, leaving the international opportunity mostly untouched.

Opportunities

- Urban incomes are rising, e-commerce keeps expanding, and parents increasingly want customization, three forces pushing kidswear demand higher across the country
- Southeast Asia, the Middle East, and Western markets sit largely outside Karnika's current export reach, representing real white space
- PLI Scheme incentives and the PM MITRA Parks initiative give the Company government-backed paths toward cheaper expansion and a sturdier supply chain
- Selling direct through e-commerce, private labels, and social media would cut out intermediaries and could lift margins meaningfully
- Automation, ERP tools, digital design software, and analytics remain only partly adopted, leaving room to run leaner and respond faster

Threats

- Tariff changes, including potential U.S. duties on textiles, alongside broader geopolitical and supply chain disruption, could hit export economics without warning
- Cotton and synthetic fabric costs move with global markets, and a spike there falls straight through to margins
- Organized manufacturers with scale and a large field of nimble local players both compete hard for the same customers
- Working capital pressure, driven by elevated receivables, could tighten cash flow further if broader market conditions turn

Karnika Industries runs a profitable, well-managed kidswear business today. Its next stretch of growth will likely hinge on how well it builds export relationships, tightens working capital, and adds manufacturing capacity beyond its current footprint.

Annexure-II

Annual Report on Corporate Social Responsibility (CSR) activities for F.Y. 2025-26

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. Yash Jhawar	Independent Director	2	1
Mrs. Kirti Taparia	Independent Director	2	2
Mrs. Kirti Mundhra	Director	2	2
Mr. Suraj Kumar Singh	Independent Director	2	1

Mr. Suraj Kumar Singh resigned on 11.02.2026.

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 2025-26. 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: **Rs. 1,586.46 Lakhs**

   (b) Two percent of average net profit of the company as per sub-section (5) of section 135: **Rs. 31.73 Lakhs**

   (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: **Rs. 0.52 Lakhs**

(d) Amount required to be set off for the financial year, if any: **Rs. 0.52 Lakhs**

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: **Rs. 31.21 Lakhs**

5. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): **Rs. 32.00 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. 32.00 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
Rs.32.00 Lakhs	**0.00**		**NA**		

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

Sr.	**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	**31.73**
(ii)	Total amount spent for the Financial Year	**32.00**
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	**0.27**
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	**0.52**
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	**0.79**

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(s)	Amount transferred to Unspent CSR Account sub-section (6) of section 135	Balance Amount in Unspent CSR Account 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		
1	0	0	0	32.00 lakhs	-	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/-	Sd/-
Mahesh Kumar Mundhra	**Niranjan Mundhra**
Chairman of CSR Committee	**Managing Director**
DIN: 08577538	**DIN: 05254448**
Date: 08.09.2026	
Place: Howrah	

Statement under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The Ratio of the remuneration paid to each Director during the year to the median remuneration of the employees of the Company for the FY 2025-26 is as under

Sr. No.	Name of Director	Designation	Ratio to the Median	% increase of remuneration in FY 2025-26 as compared to FY 2024-25
1	Niranjan Mundhra	Managing Director	201.74	25.00%
2	Shiv Shankar Mundhra	Whole-Time Director	201.74	25.00%
3	Mahesh Kumar Mundhra	Whole-Time Director	201.74	25.00%
4	Krishan Kumar Karnani	Chief Financial Officer	N.A.	N.A.
5	Muskan Bubna (Formerly Muskan Mundhra)	Company Secretary	N.A.	N.A.

Note:

a. The Non-Executive Directors of the Company are entitled for sitting fees as per the statutory provisions and within the limits approved by the Members. The details of sitting fees paid to the Non-Executive Directors are provided in the Report on Corporate Governance.

2. There was an increase of 4.96% in the median remuneration of employees during FY 2025-26.

3. There were 85 permanent employees on the rolls of Company as on 31st March, 2026.

4. Average percentage increase made in the salaries of employees other than the Managerial Personnel in the financial year i.e. 2025-26 was 4.90% whereas the increase in the managerial remuneration for the same financial year was 22.86%.

   Average increase in the remuneration of the employees other than the Managerial Personnel and that of the managerial personnel depends upon

5. It is hereby affirmed that the remuneration paid during the year ended 31st March, 2026 is as per the Nomination and Remuneration Policy of the Company.

   For and on behalf of Board of Directors of

Karnika Industries Limited
Sd/-
Niranjan Mundhra
Managing Director
DIN: 05254448
Place: Howrah
Date: 08.09.2026

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

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March, 2026

[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 2026 ("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, 2026 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 Acquisitio n 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;

e. The Payment of Wages Act, 1936 and The Payment of Wages (Amendment) Act, 2017;

f. The Factories Act, 1948;

g. The Minimum Wages Act, 1948;

h. Shop & Commercial Establishment Act of Applicable States;

i. Child Labour (Prohibition and Regulation) Act, 1986;

j. Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013

k. The Competition Act, 2002, and rules made thereunder;

l. Prevention of Money Laundering Act, 2002, and rules made thereunder;

m. Consumer Protection Act, 1986, and rules made thereunder;

n. The Trademark Act, 1999, and rules made thereunder;

o. The Indian Stamp Act, 1899, and rules made thereunder;

p. Guideline with respect to SEBI KYC Registration Agency Regulation, 2011;

q. Credit Information Companies (Regulation) Act, 2005 and rules made thereunder;

r. The Depositories Act, 1996 and regulation and buy-laws thereunder;

s. The Income Tax Act, 1961;

t. Central Goods and Service Tax Act, 2017

u. West Bengal Goods and Service Tax Act, 2017

v. Integrated Goods and Service Tax Act, 2017

w. The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979;

x. Information Technology Act, 2000;

y. The Micro, Small and Medium Enterprise Development Act, 2006; and

z. The Reserve Bank of India Act, 1934.

aa. The Customs Act, 1962

bb. The Environment (Protection) Act, 1986, read with the Environment (Protection) Rules, 1986;

cc. he Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975;

dd. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982.

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.

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.

I further report that during the audit period, there were no major events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards except:

The Board of Directors have approved issuance of Bonus shares on July 15, 2025 and have duly received "in-principle approval" from National Stock Exchange of India (NSE) during the year under review. The Extraordinary General Meeting for such approval was held on August 18, 2025 and the Company has duly allotted the shares on 1st September, 2025 to the shareholders as on the Record Date, i.e., 29th August, 2025. The trading approval of the newly issued shares was also received from the NSE.

Sd/-
Poonam Binani
Practising Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A03368H000436469
Peer Review no. 2345/2022

Place :Kolkata
Date : 21st May, 2026

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.

"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/-
Poonam Binani
Practicing Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A03368H000436469
Peer Review no. 2345/2022

Place :Kolkata
Date : 21st May, 2026

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended 31st March, 2026

[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,
KIDCITY SOLUTIONS PRIVATE LIMITED
(CIN: U52609WB2020PTC238901)
15 Canal East Road, Bagree Flour Mill Compound,
Kolkata-700067

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: U52609WB2020PTC238901 (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 2026 ("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 Kidcity Solutions Private Limited ("the Company") for the financial year ended on 31st March, 2026 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;- Not Applicable to the Company

(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 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**

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- **Not Applicable to the Company**

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021– **Not Applicable to the Company**

e) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021- **Not Applicable to the Company**

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 to the Company**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021– **Not Applicable to the Company.**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable to the Company.**

i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **

The Company being a 'material subsidiary' of Karnika Industries Limited as defined in Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certain employees of the Company have been categorized as Designated Persons and are covered by the Company Code of Conduct framed under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

**The Company has not entered into any listing agreement with the Stock Exchanges.

(vi) 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;

e. The Payment of Wages Act, 1936 and The Payment of Wages (Amendment) Act, 2017;

f. The Factories Act, 1948;

g. The Minimum Wages Act, 1948;

h. Shop & Commercial Establishment Act of Applicable States;

i. Child Labour (Prohibition and Regulation) Act, 1986;

j. Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013

k. The Competition Act, 2002, and rules made thereunder;

l. Prevention of Money Laundering Act, 2002, and rules made thereunder;

m. Consumer Protection Act, 1986, and rules made thereunder;

n. The Trademark Act, 1999, and rules made thereunder;

o. The Indian Stamp Act, 1899, and rules made thereunder;

p. The Depositories Act, 1996 and regulation and buy-laws thereunder;

q. The Income Tax Act, 1961;

r. Central Goods and Service Tax Act, 2017

s. West Bengal Goods and Service Tax Act, 2017

t. Integrated Goods and Service Tax Act, 2017

u. The West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979;

v. Information Technology Act, 2000;

w. The Micro, Small and Medium Enterprise Development Act, 2006; and

x. The Reserve Bank of India Act, 1934.

y. The Customs Act, 1962

z. The Environment (Protection) Act, 1986, read with the Environment (Protection) Rules, 1986;

aa. he Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975;

bb. The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982.

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 Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable on the company for being a 'Material Unlisted Subsidiary of Karnika Industries Limited 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.

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 and Non-Executive Directors. 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.

I further report that during the audit period, there were no major events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards.

.

Sd/-
Poonam Binani
Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A033638H001393183
Peer Review no. 2345/2022

Place :Kolkata
Date : 6th September, 2026

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.

"ANNEXURE A"

To
The Members,
KIDCITY SOLUTIONS PRIVATE LIMITED
(CIN: U52609WB2020PTC238901)
15 Canal East Road, Bagree Flour Mill Compound,
Kolkata-700067

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/-
Poonam Binani
Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A033638H001393183
Peer Review no. 2345/2022

Place :Kolkata
Date : 6th September, 2026

Corporate Governance Report

In terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations'), Corporate Governance norms are mandatory for your company, and your company is following the same.

1. Company's Philosophy

Effective corporate governance practices constitute the cornerstone of successful businesses. It is about how an organization is managed. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and management of the company is an important part of corporate governance. The Company has always been committed to the principles of good corporate governance.

At Karnika Industries Limited ("the Company"), it is important that our Company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. The Board has also institutionalized good management practices to bring about an atmosphere of accountability. Systems are being put into place to ensure effective strategic planning, optimum risk management, financial plans and budgets, integrity of internal controls and reporting, communication policy with emphasis on transparency and full disclosure on the various facts of the Company's operations, its functioning and its financial and compliance with all statutory/regulatory requirements not only in the letter of the law but also in its spirit.

2. Board of Directors

The Company states that it is professionally managed under the guidance of the Board and has a balanced and diversified Board.

The Company has a very balanced and diversified Board of Directors. The composition of the Board primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors, including Independent Directors on the Board are well qualified, experienced and competent persons from the fields of finance & taxation, law, governance etc. They take active part at the Board and Committee Meetings by providing their valuable guidance and expert advice to the Board and the Management on various aspects of business policy direction, governance, compliance etc. and play a critical role in resolving strategic issues, which enhances the transparency and adds value in the decision-making process of the Board of Directors.

During the FY 2025-26, composition of the Board was in compliance of Regulations 17 and 25 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013. As on March 31, 2026, the Board comprised of 6 (six) members, consisting of 3 Executive Directors, 1 Non-Executive Non-Independent Director and 2 Non- Executive Independent Directors.

In terms of the provisions of the Companies Act, 2013 ("the Act") and the SEBI Listing Regulations, the Directors of the Company submit necessary disclosures regarding the positions held by them on the Board and/or the Committees of other companies with changes therein, if any, on periodical basis. On the basis of such disclosures, it is confirmed that as on March 31, 2026, none of the Directors of the Company:

- holds directorships in more than ten public companies;
- serves as Director or as Independent Director in more than seven listed entities;
- is a member of more than ten committees or chairman of more than

five committees across all the public limited companies;

- holds Directorship in any other listed entity.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies as on March 31, 2026, are given below:

Name of the Director	Category	No. of Board Meetings Attended	Attendance at last AGM held on 29.09.2025	Directorship in other public companies	No. of Committee position held in other companies#	
					Chairperson	Member
Niranjan Mundhra (DIN: 05254448)	Executive Director (Managing Director)	17	Yes	0	0	0
Shiv Shankar Mundhra (DIN: 02926873)	Executive Director (Whole-Time Director)	17	Yes	1	0	0
Mahesh Kumar Mundhra (DIN: 08577538)	Executive Director (Whole-Time Director)	17	Yes	0	0	0
Kirti Mundhra (DIN: 09549209)	Non-Executive-Non-Independent Director	17	Yes	0	0	0
Kirti Taparia (DIN: 10083439)	Non-Executive Independent Director	17	Yes	0	0	0
Shashikant Soni (DIN: 09798016)	Non-Executive Independent Director	9	No	0	0	0
Suraj Kumar Singh (DIN: 03592889)	Non-Executive Independent Director	9	Yes	0	0	0
Yash Jhawar (DIN: 11590536)	Non-Executive Independent Director	1	No	0	0	0

Committees considered are Audit Committee and Stakeholder's Relationship Committee

Board Meetings

The Board meets at regular intervals to discuss and take decisions on Company/business policies and strategies apart from other Board businesses. Board meetings are convened by giving adequate notice and agenda papers to the Directors in advance. The time gap between two consecutive Board meetings has not exceeded 120 days. The Company Secretary, in consultation with the Board of Directors, prepares the agenda which is put-up for due consideration of Directors at the Board meeting(s). The agenda and related information are circulated in electronic form through their email, which is easily accessible to the Board members. The Board ensures that all relevant information is provided to directors before each meeting. The information as required under Part A of Schedule II to the SEBI Listing Regulations is also made available to the Board, wherever applicable, for their consideration. The Company adheres to the Secretarial Standard-1 on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India.

During the year under review, 17 (Seventeen) Meetings of the Board of Directors were held. The dates of Board meetings along with the attendance of Directors are as under:

Sl. No.	Date	Total Number of Directors associated as on the date of meeting	Total Number of Directors Present	Total Number of Independent Directors Present
1	21.04.2025	6	4	2
2	12.05.2025	6	4	2
3	27.05.2025	6	4	2
4	24.06.2025	6	4	2
5	15.07.2025	6	4	2
6	25.07.2025	6	4	2
7	25.08.2025	6	4	2
8	29.08.2025	6	4	2
9	01.09.2025	6	4	2
10	06.09.2025	6	4	2
11	24.10.2025	6	4	2
12	14.11.2025	6	4	2
13	17.11.2025	6	4	2
14	10.02.2026	6	4	2
15	11.02.2026	6	4	2
16	14.02.2026	6	4	2
17	14.03.2026	6	4	2

Shareholding of Directors

Name of the Director	No. of Shares held in the Company as on March 31, 2026
Niranjan Mundhra	1,51,65,000
Shiv Shankar Mundhra	1,51,65,000
Mahesh Kumar Mundhra	1,51,65,000
Kirti Mundhra	1,300
Kirti Taparia	0
Yash Jhawar	0

Relationship Between Directors

The Company states that no Director is related to any other Director, except Mr. Niranjan Mundhra, Mr. Shiv Shankar Mundhra, Mr. Mahesh Kumar Mundhra and Mrs. Kirti Mundhra, who are related within the meaning of “Relative” under the Companies Act, 2013.

Skills / Expertise / Competencies of the Board of Directors

The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company’s business and that the said skills are available with the Board Members:

i) Knowledge on Company’s businesses (Textile products manufacturing and extraction of raw material and marketing), policies and culture (including the Mission, Vision and Values) major risks/threats and potential opportunities and knowledge of the industry in which the Company operates;

ii) Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company, Leadership & effective communication qualities;

iii) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making;

iv) Financial and Management skills;

v) Technical / Professional skills and specialized knowledge in relation to Company's business.

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business.

Independent Directors

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, none of the Independent Directors serve as Non-Independent Director of any company on the Board of which any of the Non-Independent Director is an Independent Director.

The Company also has a structured Familiarization framework for the Independent Directors. It takes due steps for familiarizing the Independent Directors with the Company's procedures and practices, by providing them the necessary documents, reports and internal policies. The familiarization program for Independent Directors is given on the website at www.karnikaindustries.com.

As per Schedule IV of the Companies Act, 2013 and Regulation 25(3) of SEBI Listing Regulations, the Independent Directors shall hold at least one meeting in a financial year without the presence of Non-Independent Directors and Management representatives. During the financial year 2025-26, the Independent Directors met on December 06, 2025.

The Independent Directors inter alia discuss the issues arising out of the Committee Meetings and Board discussions including reviewing the performance of Non-Independent Directors and Board as a whole; quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and efficiently perform its duties. The Independent Directors also have access to Statutory Auditors, Secretarial Auditors, Internal Auditor and the Management of the Company for discussions and questions, if any.

BOARD COMMITTEES

The Committees of the Board are guided by their respective terms of reference, which outline their composition, scope, power, duties/functions and responsibilities.

There are four Board Committees as on March 31,2026, details of which are as follows:

a) Audit Committee

As on 31st March 2026, 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 five times to discuss a variety of issues. The meetings were held on 27.05.2025, 15.07.2025, 06.09.2025, 14.11.2025 and 11.02.2026.

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. Yash Jhawar	Independent Director	Member	5	0
Mrs. Kirti Taparia	Independent Director	Chairman	5	5
Mrs. Kirti Mundhra	Non-Executive Women Director	Member	5	5
Mr. Suraj Kumar Singh	Independent Director	Chairman	5	3
Mr. Shashikant Soni	Independent Director	Chairman	5	2

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

Mr. Shashikant Soni and Mr. Suraj Kumar Singh resigned on 29th August 2025 and 11th February 2026 from the Board respectively.

b) 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 09.02.2026.

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. Yash Jhawar	Additional Independent Director	Member	1	0
Mrs. Kirti Taparia	Independent Director	Chairman	1	1
Mrs. Kirti Mundhra	Non-Executive Women Director	Member	1	1
Mr. Shiv Shankar Mundhra	Whole-Time Director	Member	1	1
Mr. Suraj Kumar Singh	Independent Director	Chairman	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.

Mr. Suraj Kumar Singh resigned on 11th February 2026 from the Board.

c) 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 14.03.2026

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. Yash Jhawar	Independent Director	Member	1	0
Mrs. Kirti Taparia	Independent Director	Chairman	1	1
Mrs. Kirti Mundhra	Non-Executive Women Director	Member	1	1

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

Board Evaluation

Pursuant to the provisions of the Act, SEBI Listing Regulations and Guidance Note on Board Evaluation issued by the SEBI, Nomination and Remuneration Committee has devised a criteria for the evaluation of the performance of Directors including Independent Directors. An indicative list of factors on which evaluation was carried out includes experience, attendance, acquaintance with the business, effective participation, strategy, contribution and independent judgement.

During the financial year 2025-26, the performance of the independent directors was evaluated by the entire Board, excluding the director being evaluated.

The Independent Directors at their separate meeting reviewed the performance of: Non-Independent Directors and the Board as a whole and the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company. The performance evaluation process for the FY2026 has been completed.

Remuneration of Directors

Remuneration of Directors is based on various factors such as the size, global presence, economic & financial position of the Company and their participation in the Board/Committee meetings. Basis these factors and annual performance evaluation of the directors, remuneration payable to the Directors is recommended by Nomination and Remuneration Committee to the Board.

The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Managing Director and the Executive Director(s). Non-Executive Directors including Independent Directors are eligible for sitting fees not exceeding the limits prescribed under the Companies Act, 2013.

The Company has not granted any stock options to any of its Non-Executive Independent Directors. The Nomination and Remuneration policy may be referred to at the Company's official website at the web link www.karnikaindustries.com.

The details of remuneration paid to the Executive and Non-Executive Directors for the financial year 2025-26 are provided hereinafter:

i.Executive Directors:

Rupees in Lakhs

Name of the Directors	Salary	Perquisites	Others	Total
Niranjan Mundhra	120	0	0	120
Mahesh Kumar Mundhra	120	0	0	120
Shiv Shankar Mundhra	120	0	0	120

ii. Non-Executive Directors and Independent Directors:

Amount in Lakhs

Name of the Directors	Sitting Fees	Commission	Total
Kirti Mundhra	0.90	-	0.90
Kirti Taparia	0.90	-	0.90
Sashikant Soni	0.45	-	0.45
Suraj Singh	0.40	-	0.40
Yash Jhawar	-	-	-

The Remuneration Policy is accessible on the Company's website at www.karnikaindustries.com.

Corporate Social Responsibility (CSR) Committee:

Composition

The Corporate Social Responsibility (CSR) Committee is constituted in line with the provisions of Section 135 of the Companies Act, 2013.

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

During the year under review, 2 (two) meetings of the Corporate Social Responsibility (CSR) Committee were held on 30.10.2025 and 20.03.2026, the details of which are as under

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. Suraj Kumar Singh	Independent Director	2	1
Mr. Yash Jhawar	Independent Director	2	1
Mrs. Kirti Taparia	Independent Director	2	2
Mrs. Kirti Mundhra	Director	2	2

Suraj Kumar Singh resigned on 11th February 2026 from the Board.

The Committee oversees, inter-alia, corporate social responsibility and other related matters as may be referred by the Board of Directors and discharges the roles as prescribed under Section 135 of the Act which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company, as per Schedule VII of the Companies Act, 2013 and recommending the amount of expenditure to be incurred and monitoring the CSR Policy of the Company.

3.GENERAL BODY MEETINGS:

a) Location and time where last three AGMs were held:

The details of the last three Annual General Meetings (AGMs) of the Company are as under:

Financial Year	Date and time	Venue	No of Special Resolutions passed
2024-25	29th September 2025 At 1:00 P.M.	Through Video Conferencing (VC')/ Other Audio- Visual Means (OAVM)	(One) - Re-appointment of Mr. Suraj Kumar Singh (DIN: 03592889) as a Non- Executive Independent Director of the Company.
2023-24	28th September 2024 At 1:00 P.M.	Through Video Conferencing (VC')/ Other Audio- Visual Means (OAVM)	-
2022-23	28th September 2023 At 1:00 P.M.	Through Video Conferencing (VC')/ Other Audio- Visual Means (OAVM)	-

b) Extraordinary General Meeting:

The details of the Extra Ordinary General Meetings (EGM) of the Company are as under:

Financial Year	Date and time	Venue	No of Special Resolutions passed
2025-26	18th August 2025 At 1:00 P.M.	Through Video Conferencing (VC')/ Other Audio- Visual Means (OAVM)	(One) – Increase in Managerial Remuneration of Mr. Niranjan Mundhra (DIN:05254448), Managing Director, Mr. Shiv Shankar Mundhra (DIN: 02926873), Whole Time Director and Mr. Mahesh Kumar Mundhra (DIN: 08577538), Whole Time Director of the company with effect from April 01, 2025.

c) Postal Ballot:

No Special Resolution was passed during the financial year 2025-26 through postal ballot.

4. MEANS OF COMMUNICATION:

The quarterly / annual financial results are normally published in "Business Standard/ Financial Express" (English) and "Ek Din" (Bengali).

The financial results, shareholding pattern, Statutory Notices, Press Releases and Presentations made to the institutional investors/analysts, were uploaded on the websites of the National Stock Exchange of India Limited (NSE) at www.nseindia.com and the Company at www.karnikaindustries.com. The Company also issues press releases from time to time communicating various updates.

The Management Discussion and Analysis, which forms part of this Integrated Annual Report is circulated to all the Members.

5. GENERAL SHAREHOLDER INFORMATION:

i. The particulars of the Annual General Meeting for the year ended March 31, 2026, is as under:

   Date, Venue and Time of 4th Annual General Meeting 30th September 2026 (Wednesday) Annual General Meeting is being conducted through Videoconferencing/Other Audio-Visual Means at 01.00 P.M.

ii. Financial Calendar: Our tentative calendar for declaration of results for the financial year 2026-27 are given below:

Financial Calendar Period Declaration of Unaudited Results

1st Quarter April 1 to June 30 on or before August 14, 2026

2nd Quarter July 1 to September 30 on or before November 14, 2026

3rd Quarter October 1 to December 31 on or before February 14, 2027

Audited Financial Results January 1 to March 31 On or before May 30, 2027

iii. The Company's financial year begins on April 1 and ends on March 31 of the following year.

iv. **Dates of Book Closure:** As mentioned in the Notice of this AGM.

v. **Interim Dividend Payment Date:** 11th December 2025

Name of the Stock Exchange Address Stock Code / Symbol

Name	Address	ISIN	Symbol
National Stock Exchange of India Limited (NSE)	National Stock Exchange of India Ltd. Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051	INE0MGA01012	KARNIKA

vi. **Listing on Stock Exchange:** The Company's Shares are currently listed and traded on the following Stock Exchanges

Listing Fees as applicable have been paid.

vii. **Suspension of Securities of the Company from Stock Exchange:** The Securities of the Company are not suspended from trading on the stock exchange.

viii. **Registrars and Share Transfer Agents:** All matters pertaining to Share Transfers / Transmissions are being handled by Skyline Financial Services Private Limited, the Registrars and Share Transfer Agents.

Address: D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi – 110020.

Tel. No.: 011 – 40450193-97

E-mail: info@skylinerta.com

ix. **Share Transfer System:** Transfer of shares in electronic form are processed and approved by NSDL/CDSL through their Depository Participant(s), without involvement of the Company.

A reconciliation of share capital, audited by Practicing Company Secretary (PCS) is submitted to the Stock Exchange on a quarterly basis in terms of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018.

x. **Dematerialization of Shareholding and Liquidity:** The Company has dematerialized its equity shares with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on March 31, 2026, i.e. 6,19,97,500 Equity Shares - 100% of the paid-up Share Capital had been dematerialized, as at March 31, 2026.

xi. **Address for Correspondence:**

Karnika Industries Limited

Registered Office Address: 6 & 6/1 Gurgola Ghat Road, Howrah-711106

Email: info@karnikaindustries.com

Website: www. karnikaindustries.com

xiii. **Credit Ratings:** No Credit rating has been obtained by the company.

6.Distribution of Shareholding:

The shareholding distribution of equity shares as on March 31, 2026, is given below:

No of shares (Range)	No of shareholders	No of Equity shares held	Percentage of holding %
0 - 5000	661	11,96,500	1.92
5001-10000	144	10,90,000	1.76
10001-20000	53	7,89,000	1.27
20001-30000	24	6,13,000	0.99
30001-40000	24	8,24,000	1.33
40001-50000	8	3,70,000	0.60
50001-100000	43	30,98,000	5.00
100001- and above	38	5,40,17,000	87.13
Total	**995**	**6,19,97,500**	**100.00**

Categories of Shareholders as on March 31, 2026:

Category	No of Shares held	% of shareholdings
Promoters' Holding	4,55,01,500	73.39
Non-Promoters' Holding	1,64,96,000	26.61
Total	6,19,97,500	100.00

7. DISCLOSURES:

a. Related Party Transactions

All the related party transactions entered into by the Company are in the ordinary course of business and at arms' length basis. There are no materially significant related party transactions that may have potential conflict with the interests of the Company. The Company has the Related Party Transaction Policy which has been hosted on the website of the Company at www.karnikaindustries.com. In any case, disclosures regarding the transactions with related parties are given in the notes to the accounts of Financial Statements.

b. Compliance

The Company has complied with the applicable provisions of the SEBI (LODR) Regulations, 2015 as well as the other applicable regulations and guidelines of SEBI and other statutory authorities.

Consequently, there are no strictures or penalties imposed on the Company for any matter relating to capital markets during the last year.

c. Vigil Mechanism

The Company is committed to conduct its business in accordance with applicable laws, rules and regulations. The Company promotes ethical behaviour in its operations and has a Vigil mechanism which is overseen through the Audit Committee. This policy has been posted on the website of the Company.

d. Mandatory requirements

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and Regulation

46(2)(b) to (i) of the SEBI Listing Regulations, 2015.

e. Subsidiaries

The Company has One (1) Subsidiary Kidcity Solutions Private Limited of who's the company has acquired 75% of the Paid-Up Share Capital during the quarter ended 31.12.2025.

Name of the Subsidiary- Kidcity Solutions Private Limited

Date and Place of Incorporation-14th August 2020 and Kolkata

Name and Date of Appointment of Statutory Auditor- A A A J & Associates, Chartered Accountants (FRN-322455E) and 30th March 2026.

The Company has adopted Policy for determining 'material' subsidiaries which has been placed on the website of the Company at www.karnikaindustries.com.

f. **Funds raised through preferential allotment or qualified institutions placement.**

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) during the financial year 2025-26.

g. **Practising Company Secretary's certificate on non-disqualification of Directors**

The Company has received a certificate from a Company Secretary in Practice certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

h. **Instances of not accepting any recommendation of the Committee by the Board**

During the Financial Year ended March 31, 2026, all recommendations made by the Board Committees to the Board of Directors, were accepted by the Board after due deliberation.

i. **Fees to Statutory Auditors**

Details of total fees for all services, paid by the Company to the Statutory Auditors have been provided under Notes to the Financial Statement forming part of this Annual Report.

j. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- number of complaints filed during the financial year - NIL.
- number of complaints disposed of during the financial year - N.A.
- number of complaints pending as on end of the financial year – NIL

k. **Loans and Advances**

The Company has not given any loans and advances to firms/Companies in which directors are interested.

l. **Accounting Standards**

The financial statements have been prepared in accordance with the applicable Accounting Standards and relevant provisions of the Companies Act, 2013 and related rules, as amended from time to time.

m. **Plant Locations:**

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

2. 2, Hajari Mal Shah Road, Salkia, Howrah 711106

3 66/2, Salkia School Road, Howrah 711106

4. 1st Floor, 3, Surti Bagan, Kolkata 700073

5. Ground Floor, Chandigarh Birpur Road, Everest Paper Mills Pvt. Limited, Ganganagar, Madhyamgram, North 24 Parganas, West Bengal 700132

6. Plot No. 346, Aayakar Nagar, Mansarovar, Jaipur 302020

7. Plot No. 276, Sector 7, IMT Manesar 122050

n. **Disclosure on discretionary requirements as specified in Part E of Schedule II of the Listing Regulations:**

- **Shareholders' Rights**

  The Company is committed to ensuring transparency and timely communication with its shareholders and stakeholders regarding its financial performance and significant events. In line with this commitment, the Company publishes its half-yearly (including quarterly) financial performance in newspapers, providing wider access to this information. These financial updates are also promptly posted on the Company's website, allowing shareholders and other interested parties to access the information easily.

- **Modified opinion in Audit Report**

  The Statutory Auditors have provided an unmodified opinion in their Audit Reports on the financials of the Company for the year ended March 31, 2026.

- **Reporting of Internal Auditor**

  Internal Audit Report are being reported directly to the Audit Committee.

8. CODE OF CONDUCT:

In compliance with the Listing Regulations and the Companies Act, 2013, the Board of Directors has laid down a Code of Conduct for all Board members and all employees in management grade of the Company. The Code of Conduct is posted on the website of the Company at www.karnikaindustries.com. All Board members and senior management personnel have confirmed compliance with the Code. Managing Director's (MD) certificate regarding compliance with the Code of Conduct by the Directors and Senior Management is appended to this Report.

9. COMPLIANCE CERTIFICATE FROM THE AUDITORS:

In terms of Schedule V of the SEBI Listing Regulations, the certificate of compliance of conditions of Corporate Governance is annexed to this Report.

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

Sd/-	Sd/-
Niranjan Mundhra	**Mahesh Kumar Mundhra**
Managing Director	Whole-Time Director
DIN: 05254448	DIN: 08577538

Date: 08.09.2026
Place: Howrah

CERTIFICATE REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended March 31, 2026.

For Karnika Industries Limited

Sd/-
Niranjan Mundhra
Managing Director
DIN: 05254448
Date: 08.09.2026
Place: Howrah

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, 2026 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
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	Yash Jhawar	10570038	Additional Independent Director	14/03/2026

Note :

1. During the year under review Mr. Suraj Kumar Singh (DIN-03592889) and Mr. Yash Jhawar (DIN-11590536) has been appointed as an Additional Independent Director at Board Meeting held on 29th August, 2025 and14th March, 2026 respectively by the Board of Directors of the Company and Mr. Shashikant Soni (DIN-10570038) resigned on 29th August, 2025.

2. At Annual General Meeting held on 29th September, 2025, Mr. Suraj Kumar Singh (DIN-03592889) has been appointed as Independent Director from Additional Independent Director and resigned on 11th February, 2026.

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/-

Poonam Binani
Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A033638H001323731
Peer Review no. 2345/2022

Place :Kolkata
Date : 1st September, 2026

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

(Under Regulation 17(8) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015)

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
    a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
    b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
    a) significant changes in internal control over financial reporting during the year, if any;
    b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
    c) instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Sd/-	Sd/-
Niranjan Mundhra	Mahesh Kumar Mundhra
Managing Director	Whole-Time Director
DIN: 05254448	DIN: 08577538

Date-08.09.2026
Place-Howrah

CERTIFICATE ON CORPORATE GOVERNANCE AS REQUIRED UNDER REGULATION 34(3) READ WITH SCHEDULE V PARA E OF SEBI THE (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), 2015

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

1. We have examined the compliance of conditions of Corporate Governance by **Karnika Industries Limited**, for the year ended on 31st March, 2026 as stipulated under Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 ('Listing Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company to ensure compliance with the conditions of the Corporate Governance as stipulated in the said Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in relevant regulation(s) of above-mentioned Listing Regulations during the financial year ended 31 March 2026.
4. We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
Poonam Binani
Practising Company Secretary
Membership No. A33638
C.P. No. 12552
UDIN- A03368H001406955
Peer Review no. 2345/2022

Place :Kolkata
Date : 07.09.2026

Independent Auditor's Report

To the Members of Karnika Industries Lmimited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Ind AS Standalone Financial Statements of Karnika Industries Limited ("the Company") which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Ind AS Standalone 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 Ind AS Standalone Financial Statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, and total comprehensive profit (comprising of profit and other comprehensive loss), Changes in Equity and its Cash Flows 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 (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Ind AS Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS Standalone Financial Statements under the provisions of the Companies Act 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on Ind AS Standalone Financial Statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the financial year ended 31, March 2026. These matters were addressed in the context of our audit of the Ind AS Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Ind AS Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Ind AS Standalone 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 Ind AS Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Standalone Financial Statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

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

Management's Responsibility and those Charged with Governance for the Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Ind AS Standalone Financial Statements that give a true and fair view of the financial position, financial performance including changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Ind AS Standalone 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 Act, we are also responsible for expressing our opinion on whether the company has an adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Standalone 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 Ind AS Standalone Financial Statements, including the disclosures, and whether the Ind AS Standalone 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) 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 including other comprehensive loss, the Statements of changes in Equity and Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

(e) On the basis of the written representations received from the Directors as on March 31, 2026, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2026, 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 Ind AS Standalone Financial Statements of the Company over financial reporting 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 and operating effectiveness of the internal control with reference to the Ind AS Standalone Financial Statements of the Company; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of section 197 of the Act read with schedule V to the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has no pending litigations on its financial position in its financial statements for the year ended March 31, 2026.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2026.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented, that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on audit procedures that have been 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 (a) and (b) contain any material misstatement.

v. . The dividend declared or paid during the year by the Company is in accordance with section 123 of the Act.

vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account for the financial year ended on March 31, 2026, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 which is applicable from April 1, 2023, the Company has preserved audit trail as per the statutory requirements for record retention for the previous financial year ended March 31, 2025.

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

Sd/-
CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 16.05.2026
UDIN: 26061132YZAUCO7736

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 Standalone Financial Statement of the company for the year ended March 31, 2026.

(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 Equipments 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:-

Amount paid during the year	Loans (Rs. In Lakhs)
Others	2,872.19
Balance outstanding as at Balance Sheet date (including Interest Receivables)	
Others	1,547.76

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, not 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) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans and investments made.

(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. 322455E

CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 16.05.2026
UDIN: 26061132YZAUCO7736

“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, 2026, 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 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 2026, 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 Gu ance 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. 322455E

Sd/-
CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 16.05.2026
UDIN: 26061132YZAUCO7736

Standalone Balance Sheet as at 31st March, 2026

(Amount in Rs. Lakhs)

PARTICULARS	Note No.	As at 31st March 2026	As at 31st March 2025
I. ASSETS			
1 Non-current Assets			
(a) Property, Plant & Equipment	5.1	601.49	734.26
(b) Intangible Assets	5.2	11.12	8.29
(c) Financial Assets			
(i) Investments	6	2,359.43	836.34
(ii) Other Financial Assets	7	133.89	120.76
(d) Deferred Tax Asset	8	85.16	19.67
Total Non-Current Assets		**3,191.09**	**1,719.32**
2 Current Assets			
(a) Inventories	9	5,064.76	5,000.99
(b) Financial Assets			
(i) Trade Receivables	10	6,740.70	7,456.85
(ii) Cash and Cash Equivalents	11	9.13	25.36
(iii) Loans	12	1,547.76	885.36
(iv) Other Financial Assets	13	2,178.66	108.16
(c) Other Current Asset	14	169.75	240.27
Total Current Assets		**15,710.76**	**13,716.99**
TOTAL ASSETS		**18,901.85**	**15,436.31**
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	15.1	6,199.75	1,239.95
(b) Other Equity	15.2	3,313.81	5,838.35
Total Equity		**9,513.56**	**7,078.30**
2 Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	16	77.89	132.46
(b) Provisions	17	19.62	16.53
Total Non-Current Liabilities		**97.51**	**148.99**
3 Current Liabilities			
(a) Financial Liabilities			
Borrowings	18	6,970.88	5,887.27
Trade Payables			
(i) Total outstanding dues to micro & small enterprise	19	232.14	217.55
(ii) Total outstanding dues to creditors other than micro & small enterprise	19	1,406.05	1,878.44
(b) Other Current Liabilities	20	677.56	194.49
(c) Provisions	21	4.15	31.27
Total Current Liabilities		**9,290.78**	**8,209.02**
TOTAL LIABILITIES		**9,388.29**	**8,358.01**
TOTAL EQUITY AND LIABILITIES		**18,901.85**	**15,436.31**

The accompanying notes form an integral part of the standalone financial statements

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 : 16.05.2026
UDIN : 26061132YZAUCO7736

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)

Standalone Statement of Profit & Loss For the Year Ended 31st March, 2026

(Amount in Rs. Lakhs)

	PARTICULARS	Note No.	Year Ended 31 March 2026	Year Ended 31 March 2025
	Income			
I.	Revenue From Operations	22	22,428.14	17,254.85
II.	Other Income	23	868.12	373.12
III.	**Total Income (I+II)**		**23,296.26**	**17,627.97**
IV.	**Expenses**			
	Cost of Materials Consumed	24	12,149.58	7,116.13
	Purchase of Stock-in-Trade	25	2,715.64	2,906.91
	Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	26	-594.23	-467.63
	Employee Benefit Expenses	27	737.05	601.27
	Finance Cost	28	538.16	446.38
	Depreciation and amortisation	29	163.49	112.87
	Other Expenses	30	3,927.42	4,494.93
	Total Expenses		**19,637.11**	**15,210.86**
V.	**Profit (Loss) before Tax (III-IV)**		**3,659.15**	**2,417.11**
VI.	**Tax expense:**			
	(1) Current Tax	32	1,000.00	616.00
	(2) Earlier year Tax	32	6.34	-0.83
	(3) Deferred Tax	32	-14.93	-1.11
VII.	**Profit for the Period (V-VI)**		**2,667.73**	**1,803.05**
VIII	**Other Comprehensive Income/(loss)**			
(i)	a. Item that will not be reclassified to profit or loss	33	-251.03	-29.98
	b. Tax on Item that will not be reclassified to profit or loss	33	57.43	6.86
(ii)	a. Item that will be reclassified to profit or loss		0.00	0.00
	b. Tax on Item that will be reclassified to profit or loss		0.00	0.00
	Other Comprehensive Income/(loss) For the Period, net of tax		**-193.60**	**-23.12**
IX.	**Total Comprehensive Income for the Period comprising profit /(Loss) and other comprehensive income for the period (VII+VIII)**		**2,474.13**	**1,779.93**
X.	**Paid-up equity share capital (Face Value of Rs. 10 per share)**	15.1	**6,199.75**	**1,239.95**
XI.	**Other Equity**	15.2	**3,313.81**	**5,838.35**
X.	Earning Per Shares (In Rupees)			
	Basic	31	6.41	14.54
	Diluted	31	6.41	14.54

The accompanying notes form an integral part of the standalone financial statements

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 : 16.05.2026
UDIN : 26061132YZAUCO7736

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
Niranjan Mundhra	**Shiv Shankar Mundhra**
(Managing Director)	**(Whole-Time Director)**
DIN: 05254448	**DIN: 02926873**
Sd/-	**Sd/-**
Krishan Kumar Karnani	**Muskan Mundhra**
(Chief Financial Officer)	**(Company Secretary)**

Standalone Statement of Changes in Equity for the year ended 31 March 2026

Equity Share Capital

Particulars	As at 31st March 2026	As at 31st March 2025
Balance at the Begning of the Year		
1,23,99,500 Equity Shares of Rs. 10 each with voting rights	1,239.95	1,239.95
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,239.95	1,239.95
Add: Issued during the year		
Bonus issue of 4,95,98,000 Equity Share of Rs.10 each (refer note below)	4,959.80	-
Balance at the end of Reporting period	**6,199.75**	**1,239.95**

Bonus shares issued during year:

On September 1, 2025, the Company had allotted 4,95,98,000 bonus equity shares of Rs. 10 each (fully paid up) in the proportion of 4 bonus equity share for every 1 fully paid up equity share to eligible shareholders whose names appeared in the Register of Members / Register of Beneficial Owner as on August 29, 2025, being the record date fixed for this purpose, in accordance with approval received from the Members by way of E-Voting, result of which was declared on August 20, 2025. The said bonus equity shares ranked pari passu in all respects with the then existing equity shares of the Company. As a result of the bonus issue, the paid-up capital of the Company increased to Rs. 6199.75 Lakhs from Rs. 1239.95 Lakhs. The paid-up capital on account of bonus issue of Rs. 4959.80 lakhs was appropriated from Securities Premium and Retained Earnings.

Other Equity

Particulars	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period 1 April 2025	2,247.53	3,613.94	-23.12	5,838.35
Add: Profit for the period	0.00	2,667.73	0.00	2,667.73
Add: Other Comprehensive Income for the Year	0.00	0.00	-251.03	-251.03
Add/(Less): Reclassification Adjustment	0.00	0.00	23.12	23.12
Add/(Less): Impact of Tax	0.00	0.00	57.43	57.43
Total	**2,247.53**	**6,281.67**	**-193.59**	**8,335.62**
Less: Issue of Bonus Shares	2,247.53	2,712.27	0.00	4,959.80
Less: Dividend	0.00	62.00	0.00	62.00
Balance as at 31 March 2026	**0.00**	**3,507.41**	**-193.59**	**3,313.82**

Particulars	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period 1st April 2024	2,247.53	1,823.30	-	4,070.83
Add: Profit for the period	-	1,803.04	-	1,803.04
Add: Other Comprehensive Income for the Year	-	-	(23.12)	(23.12)
Total Comprehensive Income for the period	2,247.53	3,626.34	(23.12)	5,850.75
Less: Dividend	-	12.40	-	12.40
Balance as at 31 March 2025	**2,247.53**	**3,613.94**	**(23.12)**	**5,838.35**

Securities Premium

Securities premium is created due to premium on issue of shares and is utilised in accordance with the provisions of the Act.

Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any dividends or other distributions paid to shareholders.

Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss.

Retained earnings is a free reserve available t**o the Company.**

Equity Instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income.

This amount will be reclassified to retained earnings on derecognition of equity instrument.

The accompanying notes form an integral part of the standalone financial statements

This is the standalone changes in Equity referred to in our report of even date

For A A A J & Associates	**For and on behalf of the Board of Directors**	
(formerly known as Uttam Agarwal & Associates)		
Chartered Accountants		
Firm Registration No.322455E	**Sd/-**	**Sd/-**
	Niranjan Mundhra	**Shiv Shankar Mundhra**
Sd/-	**(Managing Director)**	**(Whole-Time Director)**
CA Deepak Agarwal	**DIN: 05254448**	**DIN: 02926873**
Partner		
Mem. No.. 061132		
Place: Kolkata	**Sd/-**	**Sd/-**
Date : 16.05.2026	**Krishan Kumar Karnani**	**Muskan Mundhra**
UDIN : 26061132YZAUCO7736	**(Chief Financial Officer)**	**(Company Secretary)**

Standalone Statement of Cash Flow for the year ended 31st March, 2026

(Amount in Rs. Lakhs)

	Particulars	As at 31.03.2026	As at 31.03.2025
A	**Cash Flow from Operating Activities**		
	Net Profit Before Tax	3659.15	2417.10
	Adjustments for:		
	Depreciation & Amortization	163.49	112.87
	Finance Cost	538.16	446.38
	Transaction charges in relation to investments	9.61	6.16
	(Profit)/Loss on Sale of Share / Mutual Funds	188.53	(173.74)
	(Profit)/Loss on Sale of Fixed Assets	(1.02)	0.00
	Provision for Gratuity	3.28	(1.34)
	Adjustment for unrealised foreign exchange	(20.25)	(13.47)
	Expenses in relation to increase in Share Capital	33.75	0.00
	Dividend Income	(0.21)	(0.66)
	Interest Received	(109.73)	(100.24)
	Operating Profit before Working Capital Changes	4464.76	2693.06
	Adjustments for:		
	Decrease/(Increase) in Inventories	(63.77)	(243.42)
	Decrease/(Increase) in Trade Receivables	736.39	(2305.51)
	(Increase)/Decrease in Financial Assets (Current)	(2070.49)	(49.48)
	Decrease/(Increase) in Other current assets	70.52	67.49
	(Increase)/Decrease in Other Financial Assets (Non-Current)	(13.12)	(79.54)
	Increase/(Decrease) in Trade Payables	(457.81)	770.19
	Increase/(Decrease) in Short Term Provisions	(27.31)	(3.11)
	Increase/(Decrease) in Other Current Liabilities	483.08	95.09
	Net Changes in Working Capital	(1342.51)	(1748.29)
	Cash Flow from operating activities before Tax	3122.25	944.77
	Less: Tax Expenses:		
	Income Tax paid (Net)	1006.34	615.17
	Net Cash Generated from/(used in) Operating Activities	2115.91	329.60
B	**Cash Flow from Investing Activities**		
	Purchase of Shares / Mutual Fund held as Investments	(4565.59)	(2671.72)
	Sale of Shares / Mutual Fund held as Investments	2632.92	1979.15
	Loan given to corporate and Others (Net)	(662.41)	(885.36)
	Sales/(Purchases) of Fixed Assets	(32.53)	(347.60)
	Transaction charges in relation to investments	(9.61)	(6.16)
	Dividend Received	0.21	0.66
	Interest Received	109.73	100.24
	Net Cash Generated from/(used in) Investing Activities.	(2527.28)	(1830.78)
C	**Cash Flow from Financing Activities**		
	Expenses in relation to increase in Share Capital	(33.75)	0.00
	Proceed/(Repayment) in Short Term Borrowings (Net)	1083.61	863.20
	Repayment of Long Term Loans and Advances (Net)	0.00	10.00
	Proceed/(Repayment) of Long Term Borrowings (Net)	(54.56)	(53.74)
	Dividend Paid	(62.00)	0.00
	Finance Cost	(538.16)	(446.38)
	Net Cash Generated from/(used in) Financing Activities	395.14	373.08
D	**Effect of exchange rate changes on cash and cash equivalents**	0.00	0.06
	Net Increase in Cash & Cash Equivalents (A+B+C+D)	(16.23)	(1128.05)
	Cash and Cash Equivalents at the beginning of the year	25.36	1153.41
	Cash and Cash Equivalents at the end of the year	9.13	25.36

The above standalone statement of cash flow has been prepared under the “Indirect Method” as set out in Ind AS 7 “Statement of Cash Flows” specified under section 133 of the Companies Act, 2013 (the 'Act').
The accompanying notes form an integral part of the standalone financial statements

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 : 16.05.2026
UDIN : 26061132YZAUCO7736

For and on behalf of the Board of Directors

Sd/-	Sd/-
Niranjan Mundhra	Shiv Shankar Mundhra
(Managing Director)	(Whole-Time Director)
DIN: 05254448	DIN: 02926873
Sd/-	Sd/-
Krishan Kumar Karnani	Muskan Mundhra
(Chief Financial Officer)	(Company Secretary)

1. Corporate information

Karnika Industries Limited (the "Company") is a public limited company domiciled in India and was incorporated on 13th April 2022, under the provision of Companies Act, 2013 with its registered office in Howrah, West Bengal. The Company is operating under the brand name "Karnika," the Company specializes in the manufacturing and trading of readymade garments for babies, boys and girls, complemented by a diverse range of dress materials. Its signature offerings include tops, dresses, denims, leggings, skirts and ponchos.

The Board of Directors approved the standalone financial statements for the year ended 31 March 2026 on 16th May, 2026.

2. Basis of Accounting and preparation of Standalone financial statements

(a) Basis of preparation

Statement of Compliance with Indian Accounting Standards (Ind AS)

These Standalone Financial Statements have been prepared in accordance with the Indian Accounting Standard ("Ind AS") as notified by Ministry of Corporate Affair ("MCA") under section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standard) Rule, 2015, as amended and other relevant provision of the Act.

The Guidance Note on Division II - Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India ("ICAI") has been followed in so far.

(b) Basis of measurement

These standalone financial statements have been prepared on accrual basis and under historical cost convention, except for the following:

* Financial assets are measured at fair value.
* defined benefit plans - at the present value of the defined benefit obligation as per actuarial valuation

(c) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(d) Presentation currency and rounding off

These standalone financial statements are presented in Indian Rupees (₹), and all values are rounded to nearest lakhs, unless otherwise indicated.

(e) Going Concern

The Company has prepared the standalone financial statements on the basis that it will continue to operate as a going concern.

(f) Use of estimates

The preparation of standalone financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date.

The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the standalone financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

3. Material Accounting Policies

3.1. (a) Property, plant, and equipment

Property, plant and equipment, are stated at historical cost of acquisition or construction less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any discounts and rebates, any import duties and other taxes (other than those subsequently recovered from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance of revenue nature are charged to Statement of Profit and Loss during the reporting year in which they are incurred.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. If an impairment loss is determined, the remaining useful life of the asset is also subject to adjustment. If the reasons for previously recognised impairment losses no longer exists, such impairment losses are reversed and recognised in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

(b) Depreciation method, estimated useful lives and residual value

Depreciation is provided for property, plant and equipment on a WDV Method over their estimated useful lives as prescribed in Schedule II of the Companies Act, 2013. Depreciation on fixed assets acquired or disposed of during the period is charged on a pro-rata basis, computed from the date of acquisition and up to the date of disposal, 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation on sale/disposal of property plant and equipment is provided up to the date preceding the date of sale/ disposal as the case may be. Gains and losses on disposals are determined by comparing the sale proceeds with carrying amount and accordingly recorded in the Statement of Profit and Loss during the reporting year in which they are sold/disposed.

Asset Type	Useful life
Building	60 years
Plant and Equipments	15 years
Office Equipment	5 years
Electrical Installation & Equipment	10 years
Furniture and Fixtures	10 years
Computers	3 years
Vehicles	8 years

The estimated useful lives are as mentioned below:

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of all the intangible assets of the Company are assessed as finite.

Asset Type	Useful life
Computer Software	5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

3.2 Inventories

Inventories are valued at Cost or Net Realizable Value, whichever is lower. Cost comprises of all costs of purchase (Net of Input Tax Credit), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis. Net Realizable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale. Work-in-progress and finished goods include appropriate proportion of overheads.

3.3 Cash and cash equivalents

Cash and cash equivalents in the Balance sheet includes cash in hand and cash at bank.

3.4 Taxes

Income-tax expenses comprise current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(a) Current Income Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred Income Tax

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 setoff 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.

3.5 Lease

(a) Identify Leases

The Company assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease contracts entered by the Company majorly pertains for premises and equipments taken on lease to conduct its business in the ordinary course.

(b) Company as Lessee

The Company had adopted Ind AS 116 "Leases" using the modified retrospective approach by applying the standard to all leases existing at the date of initial application. The Company also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value ("low value assets"). The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(c) Right-of-Use Assets

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(d) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.6 Revenue Recognition

The Company earns revenue from export/ domestic of manufactured garments, sale of traded garments and right to receive export incentives from Government. The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties.

The revenue recognition in respect of the various streams of revenue is described as follows:-

Export/Domestic sale of Garments:-

Revenue is earned from manufacture and export/domestic sale of kids wear. Revenue is recognised upon completion of performance obligation of the Company.

Revenue is recognised at the transaction price agreed with the customer through a sale order received from the customers.

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.

Right to receive export incentives from Government: -

The Company has right to receive export incentives under Duty Drawback Scheme, Scheme for Rebate for State and Central Taxes and Levies [RoSCTL] on export of garments.

The Company recognizes export incentive upon fulfilling the conditions established by respective regulations as applicable to the Company and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

Interest Income

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

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.

Dividend Income

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

Insurance Claim

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.

3.7 Employee Benefit

(a) Short Term Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

(c) Post Employment Benefits

The Company operates the following post-employment schemes:

Defined Benefits Plans

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government bonds yield at the end of the reporting period that have terms approximating to the terms of related obligation.

Defined Contribution Plan

The Company makes specified monthly contributions towards Government administered provident fund scheme and Employees' State Insurance ('ESI') scheme. Obligations for contributions to defined contribution plans are expensed as an employee benefits expense in statement of profit and loss in the period in which the related services are rendered by employees.

3.8 Government Grant, Subsidies and Export Incentives

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

3.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in the Statement of Profit and Loss in the year in which they arise.

3.10 Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

3.11 Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the

Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

3.12 Investment in Subsidiary

The Company regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if it has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee and

(c) the ability to use its power over the investee to affect the amount of the returns.

Investments in subsidiaries are carried at cost (as per Ind AS 27) less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

3.13 Financial Instruments

(a) Financial Assets

(i) <u>Classification of financial assets:</u>

The Company classifies its financial assets in the following measurement categories:

· Equity Instruments measured at Fair Value through Other Comprehensive Income (FVTOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

(ii) <u>Measurements:</u>

<u>Equity Instruments measured at FVTOCI</u>: The Company subsequently measures all equity investments other than investments forming part of interest in associates and joint ventures at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ other expenses in the statement of profit and loss. There is no recycling of the amounts from other comprehensive income to the Statement of Profit and Loss, even on sale of investment.

(iii) <u>Impairment of financial assets:</u>

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at cost and amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(iv) Derecognition of financial assets:

The Company derecognizes a financial asset on trade date only when the rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income Recogonitions:

(A) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(B) Financial liabilities

(i) Initial Recognition and Initial Measurement:

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(ii) Measurement:

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities including borrowings and payables are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the Statement of Profit and Loss.

(iii) Derecognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(c) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(d) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3.14 Impairment of Non-Current Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units - CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

3.15 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probability will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are neither recorded nor disclosed in the standalone financial statements.

3.16 Operating Segments

The Company identifies segment basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker'). The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. The business of the Company falls within a single line of business i.e. manufacturing and trading of readymade garments and textiles including its accessories and services. All other activities of the Company revolve around its main business. Hence no separate reportable primary segment.

3.17 Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided by the management of the Company considering the requirements of Ind AS and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

3.18 Dividend distribution to Equity Shareholders

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid.

3.19 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a 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. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents. Cash and cash equivalents consist of balances with banks, and which are unrestricted for withdrawal and usage.

3.20 Earning per Shares

Basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders is divided by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.21 Recent Accounting Pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to existing standards under the Companies (Indian Accounting Standards) Rules from time to time. MCA has notified amendments to Ind AS 1 – Presentation of Financial Statements (classification of liabilities as current or non-current, including liabilities with covenants), Ind AS 12 – Income Taxes (International Tax Reform – Pillar Two Model Rules), Ind AS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability), and Ind AS 7 – Statement of Cash Flows and Ind AS 107 – Financial Instruments: Disclosures (Supplier Finance Arrangements), effective from 1st April, 2025. The Company has reviewed these amendments and based on its evaluation, has determined that they do not have any impact on the Company's financial statements. However, pursuant to the adoption of the amendments to Ind AS 7 and Ind AS 107, the Company has provided the required disclosures relating to liabilities under supplier finance arrangements in the notes to the standalone financial statements.

Standard Issued/ amended but not yet effective

Ministry of Corporate Affairs ("MCA") has issued Ind AS 118 – Presentation and Disclosure in Financial Statements, which will replace Ind AS 1 – Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1st April, 2027. Ind AS 118 introduces revised presentation requirements in the statement of profit and loss and enhanced disclosure requirements. The standard is expected to impact presentation and disclosures but not the recognition and measurement. The Company is currently evaluating the impact of this standard on the accompanying financial statements. All other new standards or amendments that are not yet effective that have been issued by the MCA are not applicable or material to the Company.

4. Significant Judgments and Key Sources of Estimation in applying Accounting Policies

Information about Significant judgements and Key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- *Recognition of Deferred Tax Assets*: The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- *Income Taxes*: Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in

estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the standalone financial statements.

- *Useful lives of depreciable/ amortisable assets (tangible and intangible):* As described in the material accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets are determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation / amortization expense in future periods.
- *Defined Benefit Obligations (DBO)*: Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.
- *Provisions and Contingencies:* Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against Company as it is not possible to predict the outcome of pending matters with accuracy. Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.
- *Impairment of Investments:* The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- *Fair value measurement of Financial Instruments:* When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The input to these models is taken from observable markets where possible, but where this not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Note No.: 5.1

Property, Plant & Equipment (At Cost less Depreciation)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01-04-2025	Additions	Deduction/ Adjustment	As at 31-03-2026	Upto 31-03-2025	For the Year ended 31.03.26	Deductions	As at 31-03-2026	Adjustment	As at 31-03-2026	As at 31-03-2025
Computer & Data Processing Unit	21.98	3.65	-	25.63	16.21	4.66	-	20.87	-	4.76	5.77
Office Equipments	47.02	6.91	-	53.93	24.53	11.33	-	35.87	-	18.07	22.49
Plant & Machineries	526.72	5.67	17.00	515.40	97.53	76.04	1.02	172.55	-	342.85	429.20
Building	118.88	1.53	-	120.41	6.38	16.53	-	22.92	-	97.49	112.50
Electrical Installation & Equipment	43.66	0.62	-	44.28	10.33	8.36	-	18.69	-	25.59	33.33
Furniture & Fittings	119.84	2.72	-	122.56	28.11	24.18	-	52.29	-	70.27	91.73
Motor Vehicles	79.48	-	-	79.48	40.23	12.25	-	52.49	-	26.99	39.24
Scooty	-	1.13	-	1.13	-	0.06	-	0.06	-	1.07	-
Motor Vehicles (EV)	-	20.59	-	20.59	-	6.18	-	6.18	-	14.40	-
Total	**957.59**	**42.82**	**17.00**	**983.41**	**223.33**	**159.61**	**1.02**	**381.92**	**15.98**	**601.49**	**734.26**

Note No. 5.2

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01-04-2025	Additions	Deduction/ Adjustment	As at 31-03-2026	Upto 31-03-2025	For the Year ended 31.03.26	Deductions	As at 31-03-2026	Adjustment	As at 31-03-2026	As at 31-03-2025
Intangible Assets											
Computer Software	14.66	6.72	-	21.38	6.37	3.89	-	10.26	-	11.12	8.29
Total	**14.66**	**6.72**	**-**	**21.38**	**6.37**	**3.89**	**-**	**10.26**	**-**	**11.12**	**8.29**
Previous Year	**624.65**	**347.60**	**-**	**972.25**	**116.83**	**112.87**	**-**	**229.70**	**-**	**742.55**	**507.83**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Property, Plant & Equipment (At Cost less Depreciation)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01-04-2024	Additions	Deduction/ Adjustment	As at 31-03-2025	Upto 31-03-2024	For the Year ended 31.03.25	Deductions	As at 31-03-2025	Adjustment	As at 31-03-2025	As at 31-03-2024
Computer & Data Processing Unit	16.49	5.49	-	21.98	12.17	4.04	-	16.21	-	5.77	4.32
Office Equipments	26.57	20.45	-	47.02	16.13	8.41	-	24.54	-	22.48	10.44
Plant & Machineries	339.57	187.15	-	526.72	40.92	56.60	-	97.52	-	429.20	298.65
Building	89.64	29.24	-	118.88	0.06	6.33	-	6.39	-	112.49	89.58
Electrical Installation & Equipment	21.78	21.88	-	43.66	5.12	5.21	-	10.33	-	33.33	16.66
Furniture & Fittings	48.99	70.85	-	119.84	15.97	12.13	-	28.10	-	91.74	33.02
Motor Vehicles	77.16	2.32	-	79.48	23.38	16.85	-	40.23	-	39.25	53.78
Total	**620.20**	**337.39**	**-**	**957.59**	**113.76**	**109.57**	**-**	**223.32**	**-**	**734.26**	**506.44**

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01-04-2024	Additions	Deduction/ Adjustment	As at 31-03-2025	Upto 31-03-2024	For the Year ended 31.03.25	Deductions	As at 31-03-2025	Adjustment	As at 31-03-2025	As at 31-03-2024
Intangible Assets											
Computer Software	4.45	10.21	-	14.66	3.07	3.30	-	6.37	-	8.29	1.39
Total	**4.45**	**10.21**	**-**	**14.66**	**3.07**	**3.30**	**-**	**6.37**	**-**	**8.29**	**1.39**
Previous Year	**192.24**	**432.41**	**-**	**624.65**	**39.03**	**77.79**	**-**	**116.83**	**-**	**507.83**	**153.21**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 6

Non-Current Investment Note - 6.1	As at 31st March 2026		As at 31st March 2025	
(Carried at Amortised Cost) - Unquoted (fully paid-up)	No. of units (in absolute numbers)	(Amount in Rs. in Lakh)	No. of units (in absolute numbers)	(Amount in Rs. in Lakh)
Kidcity Solutions Private Limited	24,49,494.00	367.42	-	-
Total of Investment in Subsidiary (A)		**367.42**	-	-
Aggregate amount of Unquoted Investments		**367.42**	-	-
Aggregate amount of Impairment in Value of Investments		-	-	-

Details of significant investments in subsidiary companies in accordance with Ind AS 27

Subsidiaries are entities controlled by the Company. The Company 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Note - 6.2 Other Investments

Investment at Fair Value through Other Comprehensive Income

a. Investments In Equity Instruments

	As at 31st March 2026		As at 31st March 2025	
Quoted, fully paid-up	No. of units (in absolute numbers)	Amount	No. of units (in absolute numbers)	Amount
GAIL (India) Limited.	-	-	2,900.00	5.31
Ashika Global Securities Limited.	-	-	2,260.00	12.31
Motisons Jewellers Limited	-	-	4,63,996.00	78.42
Ganesh Green Bharat Limited	-	-	21,600.00	67.34
Emmforce Autotech Limited	-	-	42,000.00	29.35
Aztec Fluids & Machinery Limited	-	-	32,000.00	26.92
Ambey Laboratories Limited	62,000.00	11.72	1,00,000.00	40.20
Growington Ventures India Limited	1,73,13,049.00	148.89	-	-
Kalana Ispat Limited	1,72,000.00	35.00	2,54,000.00	120.78
Prime Cable Industries Limited	43,200.00	30.67	-	-
Rama Telecom Limited	2,46,000.00	204.18	-	-
Safa Systems & Technologies Limited	9,20,000.00	167.44	9,00,000.00	261.36
Shankar Lal Rampal Dye-Chem Limited	2,87,522.00	112.22	-	-
Yajur Fibres Limited	48,800.00	17.51	-	-
Subtotal		**727.64**		**641.99**
Unquoted, fully paid-up				
Fascinate Textiles Limited	98,000.00	124.34	-	-
Kopybright India Limited	1,58,240.00	138.29	-	-
National Commodity & Derivatives Exchange Limited	19,000.00	52.08	-	-
Freeflow Ventures Private Limited	344.00	520.00	-	-
Upflow Sprint Private Limited	244.00	283.05	-	-
Antala Industries Limited	-	-	1,11,111.00	50.00
Subtotal		**1,117.75**		**50.00**
b. Investments In Mutual Funds				
Quoted, fully paid-up				
Aditya Birla Sunlife Flexicap Fund	-	-	1,725.92	28.51
DSP Midcap Fund - Regular Plan - Growth	-	-	20,741.29	27.08
DSP Large Cap Fund Regular Plan Growth	-	-	2,175.98	9.75
ICICI Prudential Blue Chip Fund	-	-	28,243.53	29.07
ICICI Prudential Large & Mid Cap Fund	-	-	2,101.46	19.45
ICICI Prudential Mutual Assets Fund	-	-	4,235.44	30.49
ICICI Prudential Balanced Advantage Fund - Regular Growth.	64,948.69	46.63	-	-
Subtotal		**46.63**		**144.35**
c.Investments In Bonds				
Quoted, fully paid-up				
IIFL Zero Coupon 2031	10,000.00	100.00	-	-
Subtotal		100.00		-
TOTAL OF OTHER INVESTMENT (B)		**1,992.01**		**836.34**
TOTAL NON-CURRENT INVESTMENTS (A+B)		**2,359.44**		**836.34**
Aggregate Book Value of Quoted Investments		**874.27**		**786.34**
Aggregate Fair Value of Quoted Investment		**874.27**		**786.34**
Aggregate amount of Unquoted Investments		**1,117.75**		**50.00**
Aggregate amount of Impairment in Value of Investments		**-**		-

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 7 **Other Financial Assets**	**As at 31st March 2026**	**As at 31st March 2025**
Security Deposits (Unsecured Considered good)		
With CDSL	0.18	0.18
With NSDL	0.18	0.18
With CESC Limited	10.21	6.18
Against Rent	33.20	29.55
	43.77	**36.09**
Bank Deposits with more than 12 months maturity with Banks		
Fixed Deposit with ICICI Bank (with maturity more than 12 months)	29.69	27.97
Fixed Deposit with SIDBI (with maturity more than 12months)	60.42	56.71
	90.12	**84.68**
Total	**133.88**	**120.76**

Note - 8 **Deferred Tax Assets**	**As at 31st March 2026**	**As at 31st March 2025**
Tax effect of items constituting deferred tax assets		
On difference due to Provision for Employee Benefits	20.25	16.97
On difference between book balance and tax balance of property, plant and equipment	89.94	33.92
	110.19	**50.89**
Tax effect of items constituting deferred tax assets	27.73	12.81
Mark to Market loss on Investments	57.43	6.86
Net Deferred Tax Asset	**85.17**	**19.67**

Movement in deferred tax assets and liabilities for the year ended 31st March, 2025 and 31st March, 2026 are as follows

Particulars	**As at 31st March 2025**	**Recognised in Statement of Profit and Loss**	**Recognised in Other Comprehensive Income/Other Equity**	**As at 31st March 2026**
Deferred Tax Assets				
Property, Plant & Equipments	8.54	14.10	-	22.64
Provision for employee benefits	4.27	0.83	-	5.10
Mark to Market loss on Investments	6.86	-	50.57	57.43
Total Deferred Tax Asset	**19.67**	**14.93**	**50.57**	**85.17**

Particulars	**As at 31st March 2024**	**Recognised in Statement of Profit and Loss**	**Recognised in Other Comprehensive Income/Other Equity**	**As at 31st March 2025**
Deferred Tax Assets				
Property, Plant & Equipments	4.63	3.90	-	8.54
Provision for employee benefits	7.07	(2.80)	-	4.27
Mark to Market loss on Investments	-	-	6.86	6.86
Total Deferred Tax Asset	**11.70**	**1.11**	**6.86**	**19.67**

Note -9	**As at 31st March 2026**	**As at 31st March 2025**
Inventories		
(As valued and certified by management) refer note no- 3.2		
Raw materials	687.15	1,217.61
Work-in-progress	1,950.65	2,164.35
Finished goods	2,268.37	1,489.06
Stock-in-trade	158.60	129.98
Total	**5,064.76**	**5,000.99**

Note - 10	**As at 31st March 2026**	**As at 31st March 2025**
Trade Receivables		
Secured considered good	-	-
Unsecured Considered Good	6,740.70	7,456.84
Doubtful	-	-
	6,740.70	7,456.84
Less : Provision for bad and doubtful debts	-	-
Total	**6,740.70**	**7,456.84**

Note:

Trade receivables are non-interest bearing and are generally on terms of 45 to 120 days. Refer Note No. 43 for information on amount of trade receivables pledged as securities by the Company

Refer note no.50 for receivable from related parties

Ageing schedule as at 31.03.2026

Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade Receivables - considered good	6,252.62	244.82	149.45	86.70	7.11	6,740.70
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-
Total	**6,252.62**	**244.82**	**149.45**	**86.70**	**7.11**	**6,740.70**

Ageing schedule as at 31.03.2025

Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade Receivables - considered good	7,011.66	253.39	169.42	22.36	-	7,456.84
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-
Total	**7,011.66**	**253.39**	**169.42**	**22.36**	**-**	**7,456.84**

Note:

There are no unbilled receivables as at 31 March 2026

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 11	As at 31st March 2026	As at 31st March 2025
Cash and Cash Equivalents		
Balances with banks (in Current / Cash Credit Accounts)	1.25	19.76
Cash on hand	7.87	5.60
Total	**9.13**	**25.36**

Note - 12	As at 31st March 2026	As at 31st March 2025
Loans		
Loans to Body Corporates and Others		
(Unsecured, considered good)	1,547.76	885.36
Total	**1,547.76**	**885.36**

Note - 13	As at 31st March 2026	As at 31st March 2025
Other Financial Assets		
Other Advances		
Advance to Suppliers	84.95	28.39
Advance to Others	1,790.00	-
Advance against Expenses	32.41	73.57
Prepaid Expenses	270.76	6.19
Advance against Salary	0.55	0.02
Total	**2,178.66**	**108.17**

Note - 14	As at 31st March 2026	As at 31st March 2025
Other Current Assets		
Export GST Receivables	5.07	3.17
GST Input Credit Receivables	132.10	227.67
Duty Drawback Receivables	1.41	1.74
ROSCTL Claim Receivable	4.15	7.49
Income Tax Refundable	0.29	-
Advance Tax & TDS Receivable (Net of Provision)	26.73	-
Interest Receivable on CESC Deposits	-	0.20
Total	**169.75**	**240.27**

Note - 15.1 - Equity Share Capital

(Amount in Rs. In Lakhs)

Particulars	As at 31 March 2026		As at 31 March 2025	
	No. of Shares (in absolute numbers)	Amount	No. of Shares (in absolute numbers)	Amount
Authorised Share Capital				
Ordinary Shares at Face Value of Rs. 10/- each	7,00,00,000	7,000.00	2,50,00,000	2,500.00
Total	**7,00,00,000**	**7,000.00**	**2,50,00,000**	**2,500.00**
Issued Share Capital				
Ordinary Shares at Face Value of Rs. 10/- each	6,19,97,500	6,199.75	1,23,99,500	1,239.95
Total	**6,19,97,500**	**6,199.75**	**1,23,99,500**	**1,239.95**
Subscribed and Paid up Capital				
Ordinary Shares at Face Value of Rs. 10/- each fully paid	6,19,97,500	6,199.75	1,23,99,500	1,239.95
Total	**6,19,97,500**	**6,199.75**	**1,23,99,500**	**1,239.95**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note: 15.1.1 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	Current Year		Previous Year	
	No. of Shares	Rs. in Lakh	No. of Shares	Rs. in Lakh
Outstanding at the beginning of the year	1,23,99,500.00	1,239.95	1,23,99,500	1,239.95
Add: Issued During the year	4,95,98,000.00	4,959.80	-	-
Less: Bought Back During the year	-	-	-	-
Outstanding at the year end	**6,19,97,500.00**	**6,199.75**	**1,23,99,500**	**1,239.95**

Note 15.1.2 Rights, Preferences, Restrictions attached to Equity Shares:

The company has only one class of shares referred to as equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per equity share. The dividend, if any, proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except for interim dividend which is approved by the Board. The Company declares and pays dividend in Indian Rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive assets of the company, remaining after distribution of all the preferential amounts. The distribution will be in proportion to the number of fully paid-up equity shares held by the shareholders.

During the financial year 2022-23, the Company has allotted 45,50,150 equity share of Rs. 10 each in the proportion of 1 bonus equity share of face value of Rs.10 each for every one equity share of Rs.10 each. There is no share bought back during the period of five years immediately preceding the reporting period.

Note 15.1.3 The Company doesn't have any Holding Company or Ultimate Holding Company.

Note 15.1.4 Details of shares held by promoters:

Shares held by promoters

S No.	Promoter Name	As at 31 March 2026			As at 31 March 2025		
		No. of shares (in absolute numbers)	% holding in the class	% of Changes during the year	No. of shares (in absolute numbers)	% holding in the class	% of Changes during the year
1	Niranjan Kumar Mundhra	1,51,65,000	24.4607%	0.00%	3033000	24.4607%	0.00%
2	Mahesh Kumar Mundhra	1,51,65,000	24.4607%	0.00%	3033000	24.4607%	0.00%
3	Shiv Shankar Mundhra	1,51,65,000	24.4607%	0.00%	3033000	24.4607%	0.00%
4	Jagdish Prasad Mundhra	1,300	0.0021%	0.00%	260	0.0021%	0.00%
5	Saroj Mundhra	1,300	0.0021%	0.00%	260	0.0021%	0.00%
6	Priyanka Mundhra	1,300	0.0021%	0.00%	260	0.0021%	0.00%
7	Kirti Mundhra	1,300	0.0021%	0.00%	260	0.0021%	0.00%
8	Poonam Mundhra	1,300	0.0021%	0.00%	260	0.0021%	0.00%

Note 15.1.5 Details of shares held by each shareholder holding more than 5% shares:

Name Of Shareholders	As at 31 March 2026		As at 31 March 2025	
	No. of shares (in absolute numbers)	% holding in the class	No. of shares (in absolute numbers)	% holding in the class
Equity Shares @10/- Each				
Niranjan Kumar Mundhra	1,51,65,000	24.46%	30,33,000	24.4607%
Mahesh Kumar Mundhra	1,51,65,000	24.46%	30,33,000	24.4607%
Shiv Shankar Mundhra	1,51,65,000	24.46%	30,33,000	24.4607%

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note -15.2

Other Equity

Particulars	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period 1st April 2025	2,247.53	3,613.94	-23.12	5,838.35
Add: Profit for the period	0.00	2,667.73	0.00	2,667.73
Add: Other Comprehensive Income for the Year	0.00	0.00	-251.03	-251.03
Add/(Less): Reclassification Adjustment	0.00	0.00	23.12	23.12
Add/(Less): Impact of Tax	0.00	0.00	57.43	57.43
Total	**2,247.53**	**6,281.67**	**-193.59**	**8,335.62**
Less: Issue of Bonus Shares	2,247.53	2,712.27	0.00	4,959.80
Less: Dividend	0.00	62.00	0.00	62.00
Balance as at 31 March 2026	**0.00**	**3,507.41**	**-193.59**	**3,313.82**

Particulars	Securities Premium	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period 1st April 2024	2,247.53	1,823.30	0.00	4,070.83
Add: Profit for the period	0.00	1,803.04	0.00	1,803.04
Add: Other Comprehensive Income for the Year	0.00	0.00	-23.12	-23.12
Total Comprehensive Income for the period	**2,247.53**	**3,626.34**	**-23.12**	**5,850.75**
Less: Dividend	0.00	12.40	0.00	12.40
Balance as at 31 March 2025	**2,247.53**	**3,613.94**	**-23.12**	**5,838.35**

Note -16 **Non Current Borrowings**	As at 31st March 2026	As at 31st March 2025
Term Loans From Bank (Secured, Considered Goods)		
From Small Industries Development Bank of India (Refer Note to accounts no. 49)	92.59	137.04
Less: Current Maturities of Long Term Borrowing in next 12 months	44.44	44.44
Subtotal	**48.15**	**92.59**
From HDFC Bank (Refer Note to accounts no. 49)	39.86	49.15
Less: Current Maturities of Long Term Borrowing in next 12 months	10.12	9.29
Subtotal	29.75	39.86
Total	**77.89**	**132.46**

Note - 17 **Non Current Provisions**	As at 31st March 2026	As at 31st March 2025
Provision for Employee Benefits (Refer Note no. 46)	19.63	16.53
Total	**19.63**	**16.53**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 18 Current Borrowings:	As at 31st March 2026	As at 31st March 2025
Loans repayable on demand:		
Cash Credit/ WCDL with Banks (Secured, Considered Goods)	6,916.32	5,833.54
Current Maturities of Long Term Borrowings (Secured, Considered Goods)		
From Small Industries Development Bank of India (Refer Note to accounts no. 49)	44.44	44.44
From HDFC Bank (Refer Note to accounts no. 49)	10.12	9.29
Total	**6,970.88**	**5,887.27**

Note: With respect to Cash Credit, Working Capital Demand Loan, the first charge on entire current assets present and future, including stock of Raw Material, Work in Progress, Finished Goods, consumable and receivables of the Company is given to respective banks. Second charge on the Commercial Property provided by the Promoters of the Company. Promoters guarantee and security has also been provided to banks.

Note - 19 Trade Payables	As at 31st March 2026	As at 31st March 2025
For Goods and Services		
Total outstanding dues of micro enterprises and small enterprises	232.14	217.55
Total outstanding dues of other than micro enterprises and small enterprises	1,406.05	1,878.45
Total	**1,638.19**	**2,096.00**

Ageing schedule for Trade payables outstanding as at 31 March 2026

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	232.14	-	-	-	232.14
(ii) Others	1,354.59	26.29	25.17	-	1,406.05
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**1,586.73**	**26.29**	**25.17**	**-**	**1,638.19**

Ageing schedule for Trade payables outstanding as at 31 March 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	-	-	-	-	-
Total	**2,046.45**	**48.32**	**1.22**	**-**	**2,096.00**

Notes to Standalone Financial Statements

As at and for the year ended 31 March 2026

Note - 20

Other Current Liabilities	As at 31st March 2026	As at 31st March 2025
Advance From Debtors	502.91	33.79
Statutory Dues Payables		
GST Payable	0.07	0.42
TDS Payable	26.46	23.19
TCS Payable	0.01	1.21
ESI Payable	0.35	0.30
EPF Payable	1.66	1.36
Labour Welfare Fund	0.08	0.03
Professional Tax (Employee)	0.11	0.09
Liabilities for Expenses	145.90	134.10
Total	**677.56**	**194.49**

Note - 21

Current Provision	As at 31st March 2026	As at 31st March 2025
Provision for Taxation	-	28.38
Provision For Bonus Expenses	3.52	2.45
Provision For Gratuity Expenses (Refer Note no 46)	0.63	0.43
Total	**4.15**	**31.27**

Note - 22

Revenue From Operations	Year Ended 31.03.2026	Year Ended 31.03.2025
Domestic Sales		
Sale of Traded Goods	2,927.70	3,278.46
Sale of Manufactured Goods	18,926.14	12,892.13
Sale of Scrap	12.13	28.06
Export Sales		
Sale of Manufactured Goods	562.17	1,056.19
Total of Revenue from Operations	**22,428.14**	**17,254.85**

Note - 23

Other Income	Year Ended 31.03.2026	Year Ended 31.03.2025
Interest Income		
on Deposits with Banks and Other Financial Institutions	6.05	5.68
on Loan to Corporate & Others	103.69	94.56
on Other Deposits	0.34	0.33
Sub Total	**110.07**	**100.57**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 23 (Contd)	Year Ended 31.03.2026	Year Ended 31.03.2025
Others		
Making Charges	14.20	-
Dividend Income	0.21	0.66
Profit from Derivatives	501.64	0.33
Speculation Profit	-	0.39
Capital Gain on Sale Investments	-	173.74
Foreign Currency Gain & Loss	33.91	16.04
Duty Drawback	14.81	25.15
ROSCTL Export	23.54	38.94
Discount Received	18.23	17.30
Profit on Sale of Assets	1.02	-
Sundry Balances Written-off	0.50	-
Commission on Insurance	150.00	-
Total of Other Income	**868.12**	**373.12**

Note - 24	Year Ended 31.03.2026	Year Ended 31.03.2025
Cost of Materials Consumed		
Opening Stock	1,217.61	1,441.82
Add: Purchases during the year	11,619.11	6,891.92
	12,836.73	**8,333.74**
Less: Closing Stock	687.15	1,217.61
Total of Cost of Material Consumed	**12,149.58**	**7,116.13**

Note - 25	Year Ended 31.03.2026	Year Ended 31.03.2025
Purchase of Stock-in-Trade		
Trading Goods	2,715.64	2,906.91
Total of Stock in Trade	**2,715.64**	**2,906.91**

Note - 26	Year Ended 31.03.2026	Year Ended 31.03.2025
Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade		
Inventories at end of the year		
Finished Goods	2,268.37	1,489.06
Work-in-progress	1,950.65	2,164.35
Stock-in-Trade	158.60	129.98
Total	**4,377.61**	**3,783.38**
Inventories at beginning of the year		
Finished Goods	1,489.06	1,271.33
Work-in-progress	2,164.35	2,027.20
Stock-in-Trade	129.98	17.23
Total	**3,783.38**	**3,315.75**
Increase/ Decrease in Stock	**-594.23**	**-467.63**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 27	Year Ended 31.03.2026	Year Ended 31.03.2025
Employee Benefit Expenses		
Salaries, Wages and Bonus	670.80	566.14
Contribution to Provident Fund and others	51.28	11.36
Staff Welfare Expenses	14.97	23.77
Total Employee Benefit Expenses	**737.05**	**601.27**

The New Labour Codes took effect from 21 November 2025. Based on information available and actuarial valuation, the Company has assessed NIL financial impact of past service cost on post-employment defined benefits and continues to monitor implementation.

Note - 28 **Finance Cost**	Year Ended 31.03.2026	Year Ended 31.03.2025
Interest Expenses		
on Working Capital / Cash Credit	516.60	425.22
on Car Loan	3.85	4.61
Other Borrowing Costs		
Other Finance Charges	1.80	9.09
Bank Charges	15.91	7.46
Total	**538.16**	**446.38**

Note : 29	Year Ended 31.03.2026	Year Ended 31.03.2025
Depreciation and Amortisation Expenses:		
On Property, Plant and Equipment	159.61	109.57
On Intangible Assets	3.89	3.30
Total	**163.49**	**112.87**

Note - 30	Year Ended 31.03.2026	Year Ended 31.03.2025
Other Expenses		
Direct Expenses		
Carriage Inward	33.57	26.71
Chemical Expenses	2.11	2.96
Power & Fuel Charges	50.16	54.26
Rent Expenses	362.16	258.01
Designing Charges	9.93	11.33
Job Work Charges	2,138.35	2,914.54
Packaging Expense	420.28	583.28
Export Expenses	1.75	11.24
Sample Expenses	6.80	8.46
Supervisor Expenses	11.90	20.40
Sub Total	**3,037.00**	**3,891.18**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 30 (Contd.)	Year Ended 31.03.2026	Year Ended 31.03.2025
Other Expenses		
Indirect Expenses		
Payment to Auditors (Refer note-30.1)	6.80	6.80
Advertisement Expense	19.11	61.92
Freight Forwarding & Handling Expenses	13.68	43.70
CSR Expenses (refer note no. 53 xviii)	32.00	25.19
Carriage Outward	8.01	12.63
Commission & Brokerage	236.32	34.55
Travelling & Conveyance Expenses	17.52	7.68
Discount allowed	61.35	174.92
General Expenses	23.85	18.97
Rates & Taxes	2.19	0.28
Insurance Expense	7.76	5.57
Telephone & Internet Expenses	1.62	1.34
Interest on GST, TDS & Tax	0.08	7.44
Loading & Unloading Expenses	27.30	33.51
Membership & Subscription Expenses	0.02	0.02
Postage & Telegram Expenses	3.91	7.77
Printing & Stationery Expenses	5.71	7.20
Legal & Professional Fees	39.53	20.11
Listing Processing Expenses	1.00	-
Computer & Software Exp.	6.61	12.94
Repair & Maintenance Expenses	37.20	27.25
Vehicle Running Expenses	7.47	7.98
Filing Fees	33.91	0.33
Sales Promotion Expenses	69.90	45.05
Security Expenses	25.34	27.46
Share Transaction Charges	9.60	6.16
Loss on Sale of Investment	188.53	-
Speculation Loss	0.92	-
Sundry Balances Written-off	-	6.70
Fines & Penalties of GST & TDS	3.17	0.28
Sub Total	**890.41**	**603.75**
Total Other Expenses	**3,927.42**	**4,494.93**

Note - 30.1	Year Ended 31.03.2026	Year Ended 31.03.2025
Payment to Auditors:		
For Statutory Audit	1.50	1.50
For Internal Audit	4.80	4.80
For Tax Audit	0.50	0.50
Total	**6.80**	**6.80**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note - 31	Year Ended 31.03.2026	Year Ended 31.03.2025
Earning Per Shares (In Rupees)		
Profit After Tax	2,667.73	1,803.05
Less: Preference Tax & Dividend	-	-
Profit Available to equity shareholders (A)	2,667.73	1,803.05
Weighted Avg. No. of shares used for calculating Basic EPS (B) (refer Note 31.1)	4,16,14,760	1,23,99,500
Basic EPS X=A/B (in Rupees)	**6.41**	**14.54**

Note - 31.1	Year Ended 31.03.2026	Year Ended 31.03.2025
Weighted average number of equity shares outstanding - Diluted		
Paid-up equity share capital (face value Rs. 10/-)	61,99,75,000	12,39,95,000
Face Value per share [Amount]	10	10
Weighted average number of shares outstanding at the beginning of the year	1,23,99,500	1,23,99,500
Add: Weighted average number of Bonus shares issued during the year	2,92,15,260	-
Weighted average number of equity shares outstanding - Diluted	**4,16,14,760**	**1,23,99,500**

Note -32	Year Ended 31.03.2026	Year Ended 31.03.2025
Tax Expenses		
Current Tax	1,000.00	616.00
Tax paid for earlier year	6.34	-0.83
Deferred Tax	-14.93	-1.11
Income Tax expense reported in the statement of profit or loss	**991.41**	**614.06**

Note - 32.1	Year Ended 31.03.2026	Year Ended 31.03.2025
Reconciliation of Estimated Income Tax Expense at Indian Statutory Income Tax Rate to Income Tax Expense reported in Statement of Profit and Loss:		
Income before Income Taxes	3659.15	2417.11
Indian Statutory Income Tax Rate	0.25	0.25
Estimated Income Tax Expenses	**920.93**	**608.34**
Tax Expenses of earlier years	**6.34**	**(0.83)**
Tax Effect of adjustments to reconcile expected Income Tax Expense to reported Income Tax Expense:		
Tax payable at different rate / Capital Gain	47.68	(4.81)
Tax impact of expenses not deductible	31.70	12.16
Tax impact on Others	(0.32)	0.31
Tax impact on Timing Difference	(14.93)	(1.11)
Income tax expense reported in the statement of profit or loss	**991.41**	**614.06**

Note -33	Year Ended 31.03.2026	Year Ended 31.03.2025
Other Comprehensive Income		
Items that will not be reclassified to profit or loss		
Equity Instruments through Other Comprehensive Income	(251.03)	(29.98)
Less: Tax expense on the above	57.43	6.86
Total Other Comprehensive Income for the year (Net of tax)	**(193.59)**	**(23.12)**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note-34

These Financial Statement are presented in Indian Rupees "INR" or "Rs." and all values are stated as in Lakhs, unless indicated otherwise.

Note-35

The Company has followed accounting as per division II of Schedule III of the Companies Act 2013 but has only disclosed those areas that are applicable to the Company.

Note-36

Balances of Trade Receivables, Trade Payables, Loans and Advances and other Advances are subject to the confirmation from respective parties. The management has represented that receivables and payables amount under these heads are realisable and payable as stated values.

Note-37

In the opinion of the Board of Directors, the realisable value of current assets, advances and deposits in the ordinary course of Business would not be less than the amount at which they are stated in the Financial Statements.

Note-38

In the opinion Board of Directors, provisions for all known liabilities have been made in accounts and their does not exist any other liabilities, contingent or otherwise.

Note-39

Previous GAAP figures

Previous GAAP figures have been regrouped / reclassified to confirm the presentation requirements and the requirements laid down in Division-I of Schedule III of the Companies Act, 2013.

Note-40

Segment Information (Ind AS 108)

Operating segments are components of the Company whose operating results the Chief Operating Decision Maker (the Managing Director) regularly reviews to allocate resources and assess performance, and for which discrete financial information is available. The Company is engaged primarily in the business of manufacturing & trading of readymade garments only; considering risks and returns, organisation structure and internal reporting, all operations and non-current assets of the Company are in India. Accordingly, there are no separate reportable segments as per Ind AS 108.

Note-41

Financial Instruments

Disclosure for the year ended 31st March, 2026 **(Amount in Rs. Lakhs)**

Particulars	Carrying Value	Fair Value hierarchy			
		Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS DESIGNATED AT AMORTISED COST					
Non-Current Assets					
Investment in Subsidiary	367.42	367.42	-	-	-
Investment in Equity Instruments - Quoted	975.29	727.64	727.64	-	-
Investment in Equity Instruments - Unquoted	1,117.75	1,117.75	-	-	1,117.75
Investment in Mutual Funds	50.00	46.63	46.63	-	-
Investment in Bonds	100.00	100.00	100.00	-	-
Other Financial Assets	133.89	133.88	-	-	-
Current Assets					
Cash and Cash Equivalent	9.13	9.13	-	-	-
Trade Receivables	6,740.70	6,740.70	-	-	-
Loans	1,547.76	1,547.76	-	-	-
Other Financial Assets	2,178.66	2,178.66	-	-	-

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note-41 (Contd.)

Financial Instruments

Disclosure for the year ended 31st March, 2026 **(Amount in Rs. Lakhs)**

Particulars	Carrying Value	Fair Value hierarchy			
		Fair Value	Level 1	Level 2	Level 3
FINANCIAL LIABILITIES DESIGNATED AT AMORTISED COST					
Non-Current Liabilities					
Borrowings	77.89	77.89	-	-	-
Current Liabilities					
Borrowings	6,970.88	6,970.88	-	-	-
Trade Payables	1,638.19	1,638.19	-	-	-

Particulars	Carrying Value	Fair Value hierarchy			
		Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS DESIGNATED AT AMORTISED COST					
Non-Current Assets					
Investment in Subsidiary	-	-	-	-	-
Investment in Equity Instruments - Quoted	666.32	641.99	641.99	-	-
Investment in Equity Instruments - Unquoted	50.00	50.00	-	-	50.00
Investment in Mutual Funds	150.00	144.35	144.35	-	-
Investment in Bonds	-	-	-	-	-
Other Financial Assets	120.76	120.76	-	-	-
Current Assets					
Cash and Cash Equivalent	25.36	25.36	-	-	-
Trade Receivables	7,456.85	7,456.85	-	-	-
Loans	885.36	885.36	-	-	-
Other Financial Assets	108.16	108.16	-	-	-
FINANCIAL LIABILITIES DESIGNATED AT AMORTISED COST					
Non-Current Liabilities					
Borrowings	132.46	132.46	-	-	-
Current Liabilities					
Borrowings	5,887.27	5,887.27	-	-	-
Trade Payables	2,095.99	2,095.99	-	-	-

Note-42

Details of financial assets pledged as collateral **(Amount in Rs. Lakhs)**

Particulars	As at 31.03.2026	As at 31.03.2025
Trade receivables	6,740.70	7,456.84
Total	**6,740.70**	**7,456.84**

Note-43

Financial Risk Management Objectives and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board. These risks are categorised into Market risk, Credit risk, Liquidity risk and other risks.

A. Market Risk — Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument.The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables, payables and loans and borrowings.

(i) Interest rate risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on variable borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Change in Interest Rates	For the year ended 31st March, 2026 (Rs in lakhs)	For the year ended 31st March, 2025 (Rs in lakhs)
Impact in Profit before Taxes	50 bps increase	(34.58)	-29.17
	50 bps decrease	34.58	29.17

(ii) Foreign currency risk - Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Foreign Currency sensitivity

The Analysis is based on assumption that the increase/decrease by 5% with all other variables held constant.

Particulars	Change in Foreign Currency Rates	For the year ended 31st March, 2026 (Rs in lakhs)	For the year ended 31st March, 2025 (Rs in lakhs)
Impact in Profit before Taxes	5% increase	14.21	22.14
	5% decrease	-14.21	-22.14

(iii) Other Price risk - The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance Sheet either at fair value through other comprehensive income or at fair value through profit and loss. Having regard to the nature of securities, intrinsic worth, intent and long-term nature of securities held by the Company, fluctuation in their prices are considered acceptable and do not warrant any management.

Other price sensitivity

The Analysis is based on assumption that the increase/decrease by 5% with all other variables held constant.

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Particulars	**Change in Price**	**For the year ended 31st March, 2026 (Rs in lakhs)**	**For the year ended 31st March, 2025 (Rs in lakhs)**
Impact in Profit before Taxes	5% increase	43.71	39.32
	5% decrease	-43.71	-39.32

B. Credit Risk —The credit risk is the risk of financial loss arising from counter party failing to discharge an obligation. The Company is exposed to credit risk from its operating activities (primarily trade receivables and other receivables) and from its financing activities, including deposits placed with banks and financial institutions and other financial instruments.

(Amount in Rs in Lakhs)

Trade Receivable Ageing (gross)	**Less than 6 months**	**6 months - 1 year**	**Above 1 year**	**Total**
As at 31 March 2026 — Unsecured	6,252.62	244.82	243.26	**6,740.70**
As at 31 March 2025 — Unsecured	7,011.66	253.39	191.79	**7,456.84**

C. Liquidity Risk — The Company determines its liquidity requirement in the short, medium and long term. This is done by drawings up cash forecast for short term and long-term needs. The Company manages its liquidity riskin a manner so as to meet its normal financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalents position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity monitoring future cash flow and liquidity on a regular basis. Surplus funds not immediately required are invested in financial instruments which includes equity shares, mutual funds, bonds and fixed deposit which provide flexibility to liquidate. Besides, it generally has certain undrawn credit facilities which can be assessed as and when required; such credit facilities are reviewed at regular basis.

Maturity profile of financial liabilities **(Amount in Rs in Lakhs)**

As at 31 March 2026	**Outstanding**	**0 - 1 year**	**1-5 years**	**Total**
Borrowings	7,048.77	6,970.88	77.89	**7,048.77**
Trade Payables	1,638.19	1,586.73	51.46	**1,638.19**

D. Other Risk—The Company's exposure to equity securities price risk arises from investments held by the Group and classified in the balance Sheet either at fair value through other comprehensive income or at fair value through profit and loss. Having regard to the nature of securities, intrinsic worth, intent and long-term nature of securities held by the Company, fluctuation in their prices are considered acceptable and do not warrant any management.

Note – 44

Capital Management

The Company's objective when managing capital (net debt and equity) is to safeguard its ability to continue as a going concern, provide returns to shareholders and benefits to other stakeholders, while protecting and strengthening the Balance Sheet through an appropriate balance of debt and equity funding. Funding needs are met through equity, cash generated from operations and short-term bank borrowings. The Company monitors capital using the gearing ratio (net debt divided by sum of capital and net debt); there have been no breaches of financial covenants for reported periods.

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

(Amount in Rs. Lakhs)

Particulars	As at 31.03.2026	As at 31.03.2025
Borrowing	7,048.77	6,019.72
Less: Cash and Cash Equivalents	-9.13	-25.36
Net Debt (A)	**7,039.64**	**5,994.37**
Equity Share Capital	6,199.75	1,239.95
Other Equity	3,313.82	5,838.35
Total Capital (B)	**9,513.57**	**7,078.30**
Gearing Ratio (A / (A+B))	**42.53%**	**45.85%**

Note – 45

Investor Education and Protection Fund

No amounts are due and outstanding to be credited to the Investor Education & Protection Fund as at 31 March 2026.

Note – 46

Employee Benefits

Note 46.1 Defined contribution plans

The Company makes contributions, determined as a specified percentage of employees salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no further obligations towards specified contributions. The contributions are charged to the statement of profit and loss as and when they accrue.

During the year, the Company has recognized the following amounts in the Standalone Statement of Profit and Loss:

(Amount in Rs. Lakhs)

Particulars	For the Period Ended 31.03.2026	For the Period Ended 31.03.2025
Employers' Contribution to Provident Fund	8.98	9.51
Employers' Contribution to State Insurance Scheme	2.86	3.29
Total	**11.84**	**12.80**

Note 46.2

Defined benefit plans

I. Gratuity:

The Company provides Gratuity for employees in India as per the Payment of Gratuity Act, 1972. All employees are entitled to gratuity benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation. This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. The present value of the defined benefit obligation and the relevant current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

Components of Employer Expenses **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026	For the Period Ended 31.03.2025
Current Service cost (including risk premiums for fully insured benefits)	7.32	11.10
Interest Cost	1.14	1.29
Expected Return on Plan Assets	-	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Plan Introduction Cost	-	-
Actuarial Losses / (Gains)	(5.17)	(13.83)
Total employer expense recognized in P&L	**3.28**	**(1.44)**

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

A. Net Asset / Liability recognized in the Balance Sheet (Amount in Rs. Lakhs)

Particulars	For the Period Ended 31.03.2026	For the Period Ended 31.03.2025
Present value of Defined Benefit Obligation	20.25	196.97
Fair Value of Plan Assets	-	-
Funded status [Surplus/(Deficit)]	-20.25	-16.97
Unrecognized Past Service Costs	-	-
Net Asset / (Liability) recognized in the Balance Sheet	**-20.25**	**-16.97**

B. Reconciliation of Net Asset / Liability recognized in Balance Sheet **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026	For the Period Ended 31.03.2025
Net Asset / (Liability) at beginning of period	-1,696.88	-1,840.77
Employer (Expense)/Credit	-328.22	143.89
Employer Contributions	-	-
Acquisitions / Business Combinations	-	-
Net Asset / (Liability) at end of period	**-2,025.09**	**-1,696.88**

C. Current / Non Current Liability **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026	For the Period Ended 31.03.2025
Current Liability	-62.58	-43.44
Non Current Assets/(Liability)	-1,962.51	-1,653.43
Net Assets/(Liability)	**-2,025.09**	**-1,696.88**

D. Actuarial Assumptions

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Financial Assumptions		
Discount Rate	6.70%	7.50%
Salary Escalation Rate	7.00%	7.00%
Demographic Assumptions		
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal Rate	2.00%	2.00%

Note-47

Dues to micro and small enterprises

Disclosure of payable to vendors as defined under the "Micro and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Company. There are no material overdue principal amounts to such vendors at the Balance Sheet date. This information relied upon by statutory auditors.

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 **(Amount in Rs. Lakhs)**

Particulars	As at 31 March 2026	As at 31 March 2025
(1) The amounts remaining unpaid to micro and small enterprise as at the end of the year:		
- Principal	232.14	217.55
- Interest		
(2) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
(3) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
(4) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond appointed day during the period) but without adding the interest specified under MSMED Act	-	-
(5) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(6) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-
Total	**232.14**	**217.55**

Note-48

Foreign Exchange Earnings and Outgo:

Particulars	31.03.2026 (Rs. lakh)	31.03.2025 (Rs. lakh)
Earnings	740.87	1,591.45
Outgo	-	1.68

Note-49

Current Borrowings

SIDBI Machine loan stood at Rs. 200.00 Lakhs payable in 54 equal monthly instalments (after a moratorium of 6 months) at a fixed interest rate. 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.18. The Company has not defaulted in payment of Principal and Interest during the year.

Car Loan with HDFC Bank at Rs 18.21 Lakhs payable in 60 equal monthly instalments at fixed interest rate. Car Loan is secured against the hypothecation of car financed and amount due within 12 months Rs. 3.85 Lakhs is shown under Short-Term Borrowing in Note no. 18. The Company has not defaulted in payment of Principal and Interest during the year.

Car Loan with HDFC Bank at Rs 45.40 Lakhs payable in 84 equal monthly instalments at fixed interest rate. Car Loan is secured against the hypothecation of car financed and amount due within 12 months Rs. 6.26 Lakhs is shown under Short-Term Borrowing in Note no. 18. The Company has not defaulted in payment of Principal and Interest during the year.

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Note-50

Related Party Disclosures

50.1 Subsidiary Company

As defined in Indian Accounting Standard (Ind AS)-24, the Company has a related party relationship in the nature of control over its subsidiaries namely:

Name of the Entity	Relation	Place of Incorporation	Ownership Interest held by the Company	
			31st March, 2026	31st March, 2025
Kidcity Solutions Private Limited	Subsidiary	India	75.00%	-

50.2 Details of Key Managerial Personnels

Nature	Name	Designation
Key Managerial Personnels	Mr. Niranjan Mundhra	Managing Director
	Mr. Shiv Shankar Mundhra	Whole Time Director
	Mr. Mahesh Kumar Mundhra	Whole Time Director
	Mrs. Kirti Mundhra	Non Executive Director
	Mr. Krishan Kumar Karnani	Chief Financial Officer
	Mrs. Kirti Taparia	Independent Director
	Mr. Shashikant Soni	Independent Director (Resigned during the year)
	Mr. Suraj Kumar Singh	Independent Director (Appointed and Resigned during the year)
	Mr. Yash Jhawar	Independent Director (Appointed during the Year)
	Ms. Muskan Mundhra	Company Secretary

50.3 Details of Related Party Transactions and Balance outstanding for the F.Y. 2025-26 & F.Y. 2024-25

Nature	Name of the Entities
Entities in which KMP exercise significant influence	Kidcity Solution Private Limited
	Q Baazar India LLP
	Deehub Lifestyle Ltd
	Shree Garments
	Shree International
	Sri Ganesh Enterprise

50.4 Transactions during the year

Particulars	Amount (Rs in Lacs) 31.03.2026	Amount (Rs in Lacs) 31.03.2025
Sales		
Shree Garment	1,448.62	2,026.48
Shree International	4.69	99.77
Sri Ganesh Enterprise	500.62	14 .46
Kidcity Solution Private Limited	41.33	-
Q Baazar India LLP	498.28	127.20
Deehub Lifestyle Limited	550.68	20.43
Purchases		
Shree Garment	0.13	4.22
Sri Ganesh Enterprise	576.15	320.37
Kidcity Solution Private Limited	17.06	-
Shree International	0.47	-
Deehub Lifestyle Limited	0.04	-

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

Transactions during the year (Contd.)

Particulars	Amount (Rs in Lacs) 31.03.2026	Amount (Rs in Lacs) 31.03.2025
Direct Expenses		
Job Work Charges		
Sri Ganesh Enterprise	1.41	-
Packaging Expenses		
Sri Ganesh Enterprise	0.84	
Kidcity Solution Private Limited	0.04	-
Employee Benefit Expenses (Salary)		
Niranjan Mundhra	120.00	96 .00
Mahesh Kumar Mundhra	120.00	96 .00
Shiv Shankar Mundhra	120.00	96 .00
Krishan Kumar Karnani	24.00	24 .00
Muskan Bubna (Formerly Muskan Mundhra)	3.00	3.00
Rent Paid during the year		
Niranjan Mundhra	98.24	71.24
Mahesh Kumar Mundhra	134.24	80.24
Shiv Shankar Mundhra	98.24	71.24
Indirect Expenses		
Commission		
Kidcity Solution Private Limited	195.90	-
Director Sitting Fees		
Kirti Mundhra	0.90	0.85
Kirti Taparia	0.90	0.85
Shashikant Soni	0.45	0.85
Suraj Singh	0.40	-
Purchase of Property, Plant & Equipment		
Q Baazar India LLP	0.06	-
Purchase of Intangible Assets		
Purchase of Software		
Q Baazar India LLP	6.72	-
Loan or Advance given during the year		
Q Baazar India LLP	180.00	-
Kidcity Solution Pvt Ltd	196.00	-
Loan or Advance refund during the year		
Q Baazar India LLP	180.00	-
Kidcity Solution Private Limited	196.00	-
Investment in Equity Shares		
Kidcity Solution Private Limited (During the year)	367.42	-
Trade Receivables		
Shree Garments	481.90	937.40
Shree International	4.93	-
Deehub Lifestyle Limited	16.09	21.45
Kidcity Solution Private Limited	2.61	-
Trade Payables		
Shree International	0.49	0.13
Deehub Lifestyle Limited	0.04	-
Kidcity Solution Private Limited	37.24	-
Sri Ganesh Enterprise	0.15	96.40

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

50.5 Key Managerial Personnel Compensation		
Particulars	Amount in Rs. Lakhs. 30.03.2026	Amount in Rs. Lakhs 30.03.2025
Short-Term Employee Benefits	387.00	3.00
Director's Sitting Fees	2.65	2.55
Total Compensation	**389.65**	**5.55**

Note-51

Contingent Liabilities		
Particulars	Amount in Rs. Lakhs. 30.03.2026	Amount in Rs. Lakhs 30.03.2025
(a) Claims against the Company not acknowledged as debts	N.A.	N.A.
(b) Guarantees	N.A.	N.A.
(c) Other Money for which the company is contingently liable	N.A.	N.A.
(d) Bills discounted and re-discounted	N.A.	N.A.
(e) Disputed statutory dues (Income Tax, GST, Customs Duty, Excise Duty, etc) not provided for	N.A.	N.A.
(f) Corporate guarantees issued on behalf of subsidiaries/associates/joint ventures	N.A.	N.A.
(g) Pending litigations having possible financial implications	N.A.	N.A.
Total of Contingent Liabilities	N.A.	N.A.

Note-52

Additional Regulatory Information

i. **Title deeds of Immovable Properties not held in name of the Company**

The company does not have the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) of which title deeds not held in the name of the company.

ii. **Fair valuation of investment property**

The Company does not have the investment property to disclose as to whether the fair value of such investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

iii. **Revaluation of Property, Plant and Equipment**

The Company has not revalued any of its Property, Plant and Equipment during the current reporting period and for previous year's reporting period.

iv. **Revaluation of Intangible Assets**

The Company has not revalued any of its Intangible Assets during the current reporting period and for previous year's reporting period.

v. **Loans or advances to specified persons**

Disclosures of Loans or Advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), is repayable on demand.

a. **Loan Repayable on Demand** **(Amount in Rs. Lakhs)**

Type of Borrower	Amount of Loans or advances in the nature of loans outstanding	% to the total Loans or advances in the nature of loans	Amount of Loans or advances in the nature of loans outstanding	% to the total Loans or advances in the nature of loans
	31.03.2026	31.03.2026	31.03.2025	31.03.2025
Promoters	Nil	Nil	Nil	Nil
Directors	Nil	Nil	Nil	Nil
KMPs	Nil	Nil	Nil	Nil
Related Party	Nil	Nil	Nil	Nil
Total	**Nil**	**Nil**	**Nil**	**Nil**

b. The Company has no Loans without specifying any terms or year of repayment.

vi. **Capital Work in Progress**

The Company has no project under Capital Work in Progress (CWIP) during the current period.

vii. **Intangible Assets under Development**

The Company has no intangible Assets under development during the current period.

viii. **Details of Benami Property held**

The Company does not hold any Benami Property and hence there were no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 and the Rules made thereunder.

ix. **Borrowings secured against current assets**

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.

x. **Wilful Defaulter**

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender who has power to declare a company as a wilful defaulter till the year ended FY 2025-26 & FY 2024-25

xi. **Relationship with Struck off Companies**

The Company has not carried out any transactions with Companies which are struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956, hence no disclosure is required as such.

xii. **Registration of Charges or Satisfaction with Registrar of Companies (ROC)**

The Company has created and registered charges with the Registrar of Companies (ROC) in respect of its outstanding borrowings, wherever applicable.

xiii. **Compliance with number of layers of companies**

The Company has complied with the number of layers prescribed under Clause (87) of Section 2 of the Companies Act, 2013 (Restriction on number of Layers) Rules, 2017.

Notes to Standalone Financial Statements
As at and for the year ended 31 March 2026

xiv. Financial Ratios

Sl. No.	Ratio	Explanation - Numerator	Explanation- Denominator	2025-26	2024-25	% Variance (2026)	Reason for Variance (2026)
1	Current Ratio	Current Assets	Current Liabilities	1.69	1.67	1.20%	Refer Note (a)
2	Debt-Equity Ratio	Debt= Non current borrowings + Current borrowings	Equity including Other Equity (excluding Other Comprehensive Income)	0.73	0.85	-14.34%	Refer Note (a)
3	Debt Service Coverage Ratio	Earnings before Interest, Tax and Depreciation (EBIDT)	Interest Expense plus Principal Payment for Non-Current Borrowings during the year	7.54	6.04	24.98%	Refer Note (a)
4	Return on Equity Ratio	Profit after Taxes	Average shareholder's equity	0.32	0.29	9.26%	Refer Note (a)
5	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	3.44	2.76	24.79%	Refer Note (a)
6	Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivables	3.16	2.74	15.31%	Refer Note (a)
7	Trade Payables Turnover Ratio	Net Purchases	Average Trade Payables	9.08	7.82	16.17%	Refer Note (a)
8	Net Capital Turnover Ratio	Revenue from Operations	Average Working Capital	4.65	3.34	39.46%	Refer Note (b)
9	Net Profit Ratio	Profit after Taxes	Revenue from Operations	0.12	0.10	13.83%	Refer Note (a)
10	Return On Capital Employed	Earnings before Interest and Tax (EBIT)	Capital Employed (Tangible Net Worth plus Total Debt)	0.25	0.22	14.65%	Refer Note (a)
11	Return On Investment	Return on Investments and Fixed Deposits	Average Investments and Fixed Deposits	-0.10	0.36	-127.84%	Refer Note (c)

Notes:

(a) The changes in ratio is less than 25% as compared to previous period and hence, no explanation required.

(b) Revenue from Operation has increased as compared to decrease in Average Working Capital.

(c) In the F Y 2025-26, the Company has incurred losses from Investments.

xv. Compliance with Approved Scheme(s) of Arrangements

The Company does not have any Scheme of Arrangements which has been approved by the Competent Authority in terms of Sec. 230 to 237 of the Companies Act, 2013

xvi. Utilization of Borrowed Funds and Share Premium

a. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall;

i. directly or indirectly lends or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

ii. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
Hence no disclosure is required as such.

b. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

i. directly or indirectly lends or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries),

ii. provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.
Hence no disclosure is required as such.

xvii. Undisclosed Income

The Company does not have any undisclosed Income, which has been surrendered or disclosed as any unrecorded income in any tax year, under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions. Also, the Company does not have previously unrecorded income and related assets which were required to be properly recorded in the books of accounts during the year.

xviii. Corporate Social Responsibility (CSR)

Particulars	2025-26 Amount (in Rs. Lakhs)	2024-25 Amount (in Rs. Lakhs)
Amount required to be spent by the company during the year	31.73	24.68
Amount of expenditure incurred during the year	32.00	25.20
Excess amount spent for the Financial Year [(ii)-(i)]	**0.27**	**0.52**
Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	0.52	0.00
Amount available for set off in succeeding Financial Years [(iii)-(iv)]	**0.79**	**0.52**

The Company has complied with the provisions of section 135 of the company's Ac t 2013 and the details of CSR activities are given in the annual report of the company.

xix. Details of Crypto Currency or Virtual Currency

The Company has neither traded nor invested in Crypto Currency or Foreign Currency during the FY 2025-26.

Note-53

Events after the Reporting Date

There have been no events after the reporting date requiring disclosure.

Note 54

Reclassification of previous year figures

Previous year figures are regrouped and reclassified to make them comparable with Ind AS presentation.

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 : 16.05.2026
UDIN : 26061132YZAUCO7736

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
Niranjan Mundhra	**Shiv Shankar Mundhra**
(Managing Director)	**(Whole-Time Director)**
DIN: 05254448	**DIN: 02926873**
Sd/-	**Sd/-**
Krishan Kumar Karnani	**Muskan Mundhra**
(Chief Financial Officer)	**(Company Secretary)**

Independent Auditor's Report

To the Members of Karnika Industries Lmimited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the Ind AS Consolidated Financial Statements of Karnika Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") which comprise of Consolidated Balance Sheet as at March 31, 2026, Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the Ind AS Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2026, and consolidated profit (financial performance including other comprehensive loss), consolidated Changes in Equity and its Consolidated Cash Flows 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 (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Ind AS Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS Consolidated Financial Statements under the provisions of the Companies Act 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on Ind AS Consolidated Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Consolidated Financial Statements of the financial year ended 31 March 2026. These matters were addressed in the context of our audit of the Ind AS Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in Holding Company's Annual Report but does not include the Ind AS Consolidated Financial Statements and our Auditor's Report thereon.

Our opinion on the Ind AS Consolidated 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 Ind AS Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Consolidated 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE IND AS CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Ind AS Consolidated Financial Statements that give a true and fair view of the IND AS Consolidated Financial Position, Consolidated Financial Performance including Other Comprehensive Loss, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian 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 implementation and maintenance of 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 IND AS Consolidated Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Company included in the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company included in the Group are also responsible for overseeing each company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND AS CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Ind AS Consolidated 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 Act, we are also responsible for expressing our opinion on whether the Holding Company and its Subsidiary Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of IND AS Consolidated 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 Ind AS Consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the Ind AS Consolidated Financial Statements, including the disclosures, and whether the Ind AS Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of the entities or business activities within the Group to express an opinion on the Ind AS Consolidated Financial Statements. Since the Company and its only subsidiary have been audited by us, we are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of both entities included in the Ind AS Consolidated Financial Statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and its subsidiary included in the Ind AS Financial Statements, of which we are the independent auditors, 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 IND AS Consolidated 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) 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 **"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 of IND AS Consolidated Financial Statements;

(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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive loss), Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the IND AS Consolidated Financial Statements.

(d) In our opinion, the aforesaid Ind AS Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

(e) On the basis of the written representations received from the Directors of the Holding Company and its subsidiary as on March 31, 2026, taken on record by the Board of Directors of the Holding Company and the Board of Directors of its Subsidiary, none of the Directors of the Group companies are disqualified as on 31st March 2026, 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 Ind AS Financial Statements of the Holding Company and its Subsidiary company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B."**

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with schedule V to the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has no pending litigations for the year ended March 31, 2026

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2026.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the by the Holding Company or its subsidiary company during the year ended 31st March 2026 in accordance with the relevant provisions of the Act and Rules made there under

iv. (a) The respective management of the Group have represented, that, to the best of their knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective management of the Group have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other persons or entities, 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 Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

v. . The dividend declared or paid during the year by the Holding Company, is in compliance with section 123 of the Act.

vi. Based on our examination which included test checks, the Holding Company and its subsidiary have used accounting software for maintaining respective books of account for the financial year ended on March 31, 2026, 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 software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 which is applicable from April 1, 2023, the Holding Company and its subsidiary have preserved audit trail in accordance with statutory record retention requirements.

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

Sd/-
CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 16.05.2026
UDIN: 26061132JPHZWS7176

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE IND AS CONSOLIDATED FINANCIAL STATEMENTS OF KARNIKA INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST MARCH 2026.

(Referred to in Paragraph 1 under the heading "Report on other Legal Regulatory Requirement" of our report of even date to the Ind AS Consolidated Financial Statement of the company for the year ended March 31, 2026.)

In terms of the information and explanations sought by us and given by the Holding Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief and based on our report of the Subsidiary Company, we state that:

(xxi) Based on the CARO reports issued by us in respect of the Holding Company and its subsidiary company, covered under the Act, there are no qualifications or adverse remarks.

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

Sd/-
CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 16.05.2026
UDIN: 26061132JPHZWS7176

"ANNEXURE B" TO THE INDEPENDENT AUDITOR' S REPORT ON THE IND AS CONSOLIDATED FINANCIAL STATEMENTS OF KARNIKA INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST MARCH 2026.

Report on the Internal Financial Controls with reference to the aforesaid Ind AS Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Act.
(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report of Even Date)

In conjunction with our Audit of the Ind AS Consolidated Financial Statements of KARNIKA INDUSTRIES LIMITED (hereinafter referred to as "the Holding Company") as of and for the year ended 31st March 2026, we have audited the internal financial controls with reference to the Ind AS Consolidated Financial Statements of the Holding Company and its Subsidiary as of that date

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company and its Subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to Ind AS Consolidated 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 Act, to the extent applicable to an audit of internal financial controls with reference to the Ind AS Consolidated 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 Ind AS Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Ind AS Consolidated 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 Ind AS Consolidated 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 IND AS Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO IND AS CONSOLIDATED FINANCIAL STATEMENTS

A Company's internal financial control with reference to Ind AS Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to Ind AS Consolidated 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 Ind AS Consolidated 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 Ind AS Consolidated Financial Statements.

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

Sd/-
CA Deepak Agarwal
Partner
Mem. No. 061132
Date: 16.05.2026
UDIN: 26061132JPHZWS7176

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Ind AS Consolidated 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 Ind AS Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Ind AS Consolidated 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 to the best of our information and according to the explanations given to us the Holding Company and its subsidiary company have, in all material respects, adequate internal financial controls system with reference to Ind AS Consolidated Financial Statements and such internal financial controls with reference to Ind AS Consolidated Financial Statements were operating effectively as at 31st March 2026, based on the internal control with reference to Ind AS Consolidated Financial Statements criteria established by such companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Consolidated Balance Sheet as at 31st March, 2026

(Amount in Rs. Lakhs)

PARTICULARS	Note No.	As at 31st March 2026
I. **ASSETS**		
1 **Non-current Assets**		
(a) Property, Plant & Equipment	5.1	613.52
(b) Intangible Assets	5.2	12.13
(c) Capital Work - in - Progress	5.3	91.00
(d) Goodwill		14.03
(e) Financial Assets		
(i) Investments	6	1,992.01
(ii) Other Financial Assets	7	135.88
(f) Deferred Tax Asset	8	85.85
Total Non-Current Assets		**2,944.43**
2 **Current Assets**		
(a) Inventories	9	5,803.04
(b) Financial Assets		
(i) Trade Receivables	10	8,767.80
(ii) Cash and Cash Equivalents	11	29.06
(iii) Loans	12	1,547.76
(iv) Other Financial Assets	13	2,211.03
(c) Other Current Asset	14	190.72
Total Current Assets		**18,549.41**
TOTAL ASSETS		**21,493.84**
II. **EQUITY AND LIABILITIES**		
1 **Equity**		
(a) Equity Share Capital	15.1	6,199.75
(b) Other Equity	15.2	3,442.02
(c) Non Controlling Interest	16	160.53
Total Equity		**9,802.30**
2 **Non-Current Liabilities**		
(a) Financial Liabilities		
Borrowings	17	77.89
(b) Provisions	18	19.62
Total Non-Current Liabilities		**97.51**
3 **Current Liabilities**		
(a) Financial Liabilities		
Borrowings	19	7,474.64
Trade Payables		
(i) Total outstanding dues to micro & small enterprise	20	232.14
(ii) Total outstanding dues to creditors other than micro & small enterprise	20	3,155.54
(b) Other Current Liabilities	21	727.56
(c) Provisions	22	4.15
Total Current Liabilities		**11,594.03**
TOTAL LIABILITIES		**11,691.54**
TOTAL EQUITY AND LIABILITIES		**21,493.84**

The accompanying notes form an integral part of the consolidated financial statements.

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 : 16.05.2026
UDIN : 26061132JPHZWS7176

For and on behalf of the Board of Directors

Sd/-	Sd/-
Niranjan Mundhra	Shiv Shankar Mundhra
(Managing Director)	(Whole-Time Director)
DIN: 05254448	DIN: 02926873
Sd/-	Sd/-
Krishan Kumar Karnani	Muskan Mundhra
(Chief Financial Officer)	(Company Secretary)

Consolidated Statement of Profit & Loss For the Year Ended 31st March, 2026

(Amount in Rs. Lakhs)

	PARTICULARS	Note No.	Year Ended 31st March 2026
	Income		
I.	Revenue From Operations	23	24,847.90
II.	Other Income	24	868.95
III.	**Total Income (I+II)**		**25,716.85**
IV.	**Expenses**		
	Cost of Materials Consumed	25	12,149.58
	Purchase of Stock-in-Trade	26	5,440.27
	Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	27	(1,094.29)
	Employee Benefit Expenses	28	773.68
	Finance Cost	29	540.51
	Depreciation and amortisation	30	166.10
	Other Expenses	31	3,853.30
	Total Expenses		**21,829.16**
V.	**Profit (Loss) before Tax (III-IV)**		**3,887.69**
VI.	**Tax expense:**		
	(1) Current Tax	33	1,058.00
	(2) Earlier year Tax	33	6.34
	(3) Deferred Tax charge/(credit)	33	(15.31)
VII.	**Profit for the Period (V-VI)**		**2,838.66**
VIII.	**Other Comprehensive Income/(loss)**		
(i)	a. Item that will not be redassified to profit or loss	34	(251.02)
	b. Tax on Item that will not be redassified to profit or loss	34	57.43
(ii)	a. Item that will be redassified to profit or loss		-
	b. Tax on Item that will be redassified to profit or loss		-
	Other Comprehensive Income/(loss) For the Period, net of tax		**(193.59)**
IX.	**Total Comprehensive Income for the Period comprising profit /(Loss) and other comprehensive income for the period (VII+VIII)**		**2,645.07**
X.	**Profit for the period attributable to**	15.1	
	(a) Equity holders of Parent		2,795.93
	(b) Non-Controlling Interest		42.73
XI.	**Other Comprehensive Income/(loss) for the period attributable to**		
	(a) Equity holders of Parent		(193.59)
	(b) Non-Controlling Interest		
XII.	**Total Comprehensive Income/(loss) for the period attributable to**		
	(a) Equity holders of Parent		**2,602.34**
	(b) Non-Controlling Interest		**42.73**
XIII.	**Paid-up equity share capital (Face Value of Rs. 10 per share)**	15.1	**6,199.75**
XIV.	**Other Equity**	15.2	**3,602.55**
XV.	Earning Per Shares (In Rupees)		
	Basic	32	6.72
	Diluted	32	6.72

The accompanying notes form an integral part of the consolidated financial statements.

For A A A J & Associates	**For and on behalf of the Board of Directors**	
(formerly known as Uttam Agarwal & Associates)		
Chartered Accountants		
Firm Registration No.322455E	**Sd/-**	**Sd/-**
	Niranjan Mundhra	**Shiv Shankar Mundhra**
Sd/-	**(Managing Director)**	**(Whole-Time Director)**
CA Deepak Agarwal	**DIN: 05254448**	**DIN: 02926873**
Partner		
Mem. No.. 061132		
Place: Kolkata	**Sd/-**	**Sd/-**
Date : 16.05.2026	**Krishan Kumar Karnani**	**Muskan Mundhra**
UDIN : 26061132JPHZWS7176	**(Chief Financial Officer)**	**(Company Secretary)**

Consolidated Statement of Changes in Equity for the year ended 31 March 2026

Equity Share Capital (Amount in Rs. Lakhs)

Particulars	As at 31st March 2026
Balance at the Begning of the Year	
1,23,99,500 Equity Shares of Rs. 10 each with voting rights	1,239.95
Changes in Equity Share Capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	1,239.95
Add: Issued during the year	
4,95,98,000 Equity Share of Rs.10 each through Bonus (refer note below)	4,959.80
Balance at the end of Reporting period	**6,199.75**

Bonus shares issued during year:

On September 1, 2025, the Holding Company had allotted 4,95,98,000 bonus equity shares of Rs. 10 each (fully paid up) in the proportion of 4 bonus equity share for every 1 fully paid up equity share to eligible shareholders whose names appeared in the Register of Members / Register of Beneficial Owner as on August 29, 2025, being the record date fixed for this purpose, in accordance with approval received from the Members by way of E-Voting, result of which was declared on August 20, 2025. The said bonus equity shares ranked pari passu in all respects with the then existing equity shares of the Holding Company. As a result of the bonus issue, the paid-up capital of the Holding Company increased to Rs. 6199.75 Lakhs from Rs. 1239.95 Lakhs. The paid-up capital on account of bonus issue of Rs. 4959.80 lakhs was appropriated from Securities Premium and Retained Earnings.

Other Equity

Particulars	Attributable to Parent			Total Attributable to Parent Company	Non Controlling Interest	Total
	Securities Premium	Retained Earnings	Other Comprehensive Income			
Balance at the beginning of the reporting period 1st April 2025	2,247.53	3,613.94	(23.12)	5,838.35	-	5,838.35
Acquisition of Subsidiary during the year	-	-	-	-	117.80	117.80
Add: Profit for the period	-	2,795.93	-	2,795.93	42.73	2,838.66
Add/(Less): Other Comprehensive Income for the Year	-	-	(251.03)	(251.03)	-	(251.03)
Add/(Less): Reclassification adjustments	-	-	23.12	23.12	-	23.12
Add/(Less): Impact of Taxes	-	-	57.43	57.43	-	57.43
Total Comprehensive Income for the period	**2,247.53**	**6,409.87**	**-193.59**	**8,463.81**	**160.53**	**8,624.34**
Less: Issue of Bonus Shares	2,247.53	2,712.27	-	4,959.80	-	4,959.80
Less: Dividend	-	62.00	-	62.00	-	62.00
Balance as at 31st March 2026	**-**	**3,635.61**	**(193.59)**	**3,442.02**	**160.53**	**3,602.55**

The accompanying notes form an integral part of the consolidated financial statements.

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 : 16.05.2026
UDIN : 26061132JPHZWS7176

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)

Consolidated Statement of Cash Flow for the year ended 31st March, 2026

(Amount in Rs. Lakhs)

Particulars		As at 31.03.2026
Cash Flow from Operating Activities		
Profit before Tax from Continuing Operations		**3887.69**
Adjustments for:		
Depreciation and amortisation expense		166.10
Finance Cost		540.52
Transaction Charges in Relation to Investment		9.60
Expenses in relation to increase in Share Capital		33.75
(Profit)/Loss on Sale of Share / Mutual Funds		188.53
(Profit)/Loss on Sale of Fixed Assets		(1.02)
Provision for Gratuity		3.28
Adjustment for unrealised foreign exchange		(20.25)
Dividend Income		(0.21)
Interest Received		(109.73)
Operating Profit before Working Capital Changes		**4698.26**
Changes in Working Capital:		
Adjustments for:		
(Increase)/Decrease in Inventories		(563.83)
(Increase)/Decrease in Trade Receivables		(779.76)
(Increase)/Decrease in Financial Assets (Current)		(2097.87)
(Increase)/Decrease in Other Current Assets		81.17
(Increase)/Decrease in Other Financial Assets (Non-Current)		(13.12)
Increase/(Decrease) in Trade Payables		873.61
Increase/(Decrease) in Short Term Provisions		(27.31)
Increase/(Decrease) in Other Current Liabilities		510.64
Net Changes in Working Capital		**(2016.47)**
Cash Flow from operating activities before Tax		**2681.79**
Less: Tax Expenses:		
Income Tax paid (Net)		1064.34
Net Cash Generated from/(used in) Operating Activities	**A**	**1617.45**
Cash Flow from Investing Activities		
Purchase of Shares / Mutual Funds held as Investments		(4198.16)
Sales of Shares / Mutual Funds held as Investments		2632.92
Loan & Advances to Corporate and Other (Net)		(662.41)
Sales/(Purchase) of Property, Plant & Equipments (Net)		(38.22)
Transaction Charges in Relation to Investments		(9.60)
Dividend Received		0.21
Interest Received		109.73
Net Cash Generated from/(used in) Investing Activities.	**B**	**(2165.53)**
Cash Flow from Financing Activities		
Expenses in relation to increase in Share Capital		(33.75)
Proceed/(Repayment) in Short Term Borrowings (Net)		1243.12
Repayment of Long Term Loans and Advances (Net)		0.00
Proceed/(Repayment) in Long Term Borrowings (Net)		(61.86)
Dividend Paid		(62.00)
Finance Cost		(540.52)
Net Cash Generated from/(used in) Financing Activities	**C**	**544.99**
Effect of exchange rate changes on cash and cash equivalents	D	0.00
Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C+D)**	**(3.09)**
Cash and Cash Equivalents at the beginning of the year		**32.14**
Cash and Cash Equivalents at the end of the year		**29.06**

Notes:

The above Consolidated statement of cash flow has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows" specified under section 133 of the Companies Act, 2013 (the 'Act').

The accompanying notes form an integral part of the consolidated financial statements.

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 : 16.05.2026
UDIN : 26061132JPHZWS7176

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)

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

1.Corporate information

Karnika Industries Limited (the "Company" or "the Holding Company") is a public limited company domiciled in India and was incorporated on 13th April 2022, under the provision of Companies Act, 2013 with its registered office in Howrah, West Bengal. The Holding Company together with the subsidiary i.e M/s Kidcity Solutions Private Limited (Holding 75%) are referred as the "Group", the Group specializes in the manufacturing and trading of readymade garments for babies, boys and girls, complemented by a diverse range of dress materials. Its signature offerings include tops, dresses, denims, leggings, skirts and ponchos. The Holding Company has its primary listing under SME Emerge Platform of National Stock Exchange of India Ltd.

The Board of Directors approved the Consolidated Financial Statements for the period ended 31 March 2026 on 16th May, 2026.

2. Basis of Accounting and preparation of Consoliodated financial statements

(a) Basis of preparation

Statement of Compliance with Indian Accounting Standards (Ind AS)

These Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standard ("Ind AS") as notified by Ministry of Corporate Affair ("MCA") under section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standard) Rule, 2015, as amended and other relevant provision of the Act.

The Guidance Note on Division II - Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India ("ICAI") has been followed in so far.

(b) Basis of measurement

These consolidated financial statements have been prepared on accrual basis and under historical cost convention, except for the following:

- Financial assets are measured at fair value.
- defined benefit plans - at the present value of the defined benefit obligation as per actuarial valuation.

(c) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

(d) Presentation currency and rounding off

These consolidated financial statements are presented in Indian Rupees (¹) and all values are rounded to nearest lakhs, unless otherwise indicated.

(e) Going Concern

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

(f) Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date.

The estimates and assumptions used in the accompanying consolidated financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected.

(g) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2026.

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present:

i. power over the investee,

ii. exposure to variable returns from the investee, and

iii. the ability of the investor to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Holding company, i.e., year ended on 31 March 2026.

Consolidation procedure:

(a). Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b). Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of the subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

(d) Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(e) The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

(f) Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the noncontrolling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the non-controlling interests having a deficit balance.

Sl. No.	Name of the entity	Country of Incorporation	Relationship	% ownership held either directly or through subsidiaries as at 31 March,	% ownership held either directly or through subsidiaries as at 31 March,
1	Karnika Industries Limited	India	Holding Company	N.A.	N.A.
2	Kidicity Solutions Private Limited*	India	Subsidiary Company	75.00%	N.A

*** newly acquired during the year ended 31 March 2026**

1. Material Accounting Policies

3.1. (a) Property, plant, and equipment Property, plant and equipment, are stated at historical cost of acquisition or construction less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any discounts and rebates, any import duties and other taxes (other than those subsequently recovered from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance of revenue nature are charged to Statement of Profit and Loss during the reporting year in which they are incurred.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that an asset may be impaired. If an impairment loss is determined, the remaining useful life of the asset is also subject to adjustment. If the reasons for previously recognised impairment losses no longer exists, such impairment losses are reversed and recognised in income. Such reversal shall not cause the carrying amount to exceed the amount that would have resulted had no impairment taken place during the preceding periods.

(b) Depreciation method, estimated useful lives and residual value

Depreciation is provided for property, plant and equipment on a WDV Method over their estimated useful lives as prescribed in Schedule II of the Companies Act, 2013. Depreciation on fixed assets acquired or disposed of during the period is charged on a pro-rata basis, computed from the date of acquisition and up to the date of disposal, 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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation on sale/disposal of property plant and equipment is provided up to the date preceding the date of sale/ disposal as the case may be. Gains and losses on disposals are determined by comparing the sale proceeds with carrying amount and accordingly recorded in the Statement of Profit and Loss during the reporting year in which they are sold/disposed.

The estimated useful lives are as mentioned below:

Asset Type	Useful life
Building	60 years
Plant and Equipments	15 years
Office Equipment	5 years
Electrical Installation & Equipment	10 years
Furniture and Fixtures	10 years
Computers	3 years
Vehicles	8 years

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of all the intangible assets of the Group are assessed as finite.

Particulars	Useful life
Computer Software	5 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

(d) Capital Work in Progress

Capital Work in Progress is stated at cost less accumulated impairment losses (if any). Cost includes expenses incurred in connection with development of Intangible Assets in so far as such expenses relate to the period prior to the getting the assets ready for use.

3.2 Inventories

Inventories are valued at Cost or Net Realizable Value, whichever is lower. Cost comprises of all costs of purchase (Net of Input Tax Credit), costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis. Net Realizable Value is the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to make the sale. Work-in-progress and finished goods include appropriate proportion of overheads.

3.3 Cash and cash equivalents

Cash and cash equivalents in the Balance sheet includes cash in hand and cash at bank.

3.4 Taxes

Income-tax expenses comprise current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

(a) Current Income Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

Tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(b) Deferred Income Tax

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 setoff 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.

3.5 Lease

(a) Identify Leases

The Group assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease contracts entered by the Group majorly pertains for premises taken on lease to conduct its business in the ordinary course.

(b) Group as Lessee

The Group had adopted Ind AS 116 "Leases" using the modified retrospective approach by applying the standard to all leases existing at the date of initial application. The Group also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of twelve months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value ("low value assets"). The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(c) Right-of-Use Assets

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(d) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.6 Revenue Recogonition

The Group earns revenue from export/domestic of manufactured garments, sale of traded garments and right to receive export incentives from Government. The Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties.

The revenue recognition in respect of the various streams of revenue is described as follows:-

Export/Domestic sale of Garments:-

Revenue is earned from manufacture and export/ domestic sale of kids wear. Revenue is recognised upon completion of performance obligation of the Group.

Revenue is recognised at the transaction price agreed with the customer through a sale order received from the customers.

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 Group 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 Group. Hence, they are excluded from revenue.

Right to receive export incentives from Government: -

The Group has right to receive export incentives under Duty Drawback Scheme, Scheme for Rebate for State and Central Taxes and Levies [RoSCTL] on export of garments.

The Group recognizes export incentive upon fulfilling the conditions established by respective regulations as applicable to the Group and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

Interest Income

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

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.

Dividend Income

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

Insurance Claim

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.

3.7 Employee Benefit

(a) Short Term BenefitsShort Term BShort Term Benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

Liabilities recognised in respect of other longterm employee benefits are measured at the present value of the estiated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(c) Post Employment Benefits

The Group operates the following post employment schemes:

Defined Benefits Plans

The liability or asset recognized in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligation is calculated annually by Actuaries using the projected unit credit method.

The liability recognized for defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The benefits are discounted using the government bonds yield at the end of the reporting period that have terms approximating to the terms of related obligation.

Defined Contribution Plan

The Group makes specified monthly contributions towards Government administered provident fund scheme and Employees' State Insurance ('ESI') scheme. Obligations for contributions to defined contribution plans are expensed as an employee benefits expense in statement of profit and loss in the period in which the related services are rendered by employees.

3.8 Government Grant, Subsidies and Export Incentives

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

3.9 Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognized in the Statement of Profit and Loss in the year in which they arise.

3.10 Share Capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

3.11 Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

3.12 Financial Instruments

(a) Financial Assets

(i)Classification of financial assets:

The Group classifies its financial assets in the following measurement categories:

- Equity Instruments measured at Fair Value through Other Comprehensive Income (FVTOCI).

  Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

(ii) Measurements:

Equity Instruments measured at FVTOCI: The Group subsequently measures all equity investments other than investments forming part of interest in associates and joint ventures at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ other expenses in the statement of profit and loss.

(iii) Impairment of financial assets:

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at cost and amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(iv) Derecognition of financial assets:

The Group derecognizes a financial asset on trade date only when the rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income Recognitions:

(a) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(b) Financial liabilities

(i) Initial Recognition and Initial Measurement:

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(ii) Measurement:

Financial liabilities are measured subsequently at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss. Other financial liabilities including borrowings and payables are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in the Statement of Profit and Loss.

(iii) <u>Derecognition of financial liabilities:</u>

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(c) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(d) Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3.13 Impairment of Non Current Assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units - CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

3.14 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probability will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are neither recorded nor disclosed in the consolidated financial statements.

3.15 Operating Segments

The Group identifies segment basis of the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are regularly reviewed by the CODM ('chief operating decision maker'). The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. The business of the Group falls within a single line of business i.e. manufacturing and trading of readymade garments and textiles including its accessories and services. All other activities of the Group revolve around its main business. Hence no separate reportable primary segment.

3.16 Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided by the management of the Group considering the requirements of Ind AS and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

3.17 Dividend distribution to Equity Shareholders

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid.

3.18 Cash Flow Statement

The Consolidated Statement of Cash Flows has not been presented for the current year, as the Company has acquired the subsidiary during the year and this is the first year of consolidation of the subsidiary. Accordingly, comparative cash flow information in respect of the subsidiary is not applicable.

3.19 Earning per Shares

Basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year attributable to the equity shareholders is divided by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.20 Recent Accounting Pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to existing standards under the Companies (Indian Accounting Standards) Rules from time to time. MCA has notified amendments to Ind AS 1 – Presentation of Financial Statements (classification of liabilities as current or non-current, including liabilities with covenants), Ind AS 12 – Income Taxes (International Tax Reform – Pillar Two Model Rules), Ind AS 21 – The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability), and Ind AS 7 – Statement of Cash Flows and Ind AS 107 – Financial Instruments: Disclosures (Supplier Finance Arrangements), effective from 1st April, 2025. The Group has reviewed these amendments and based on its evaluation, has determined that they do not have any impact on the Group's financial statements. However, pursuant to the adoption of the amendments to

Ind AS 7 and Ind AS 107, the Group has provided the required disclosures relating to liabilities under supplier finance arrangements in the notes to the consolidated financial statements.

Standard Issued/ amended but not yet effective

Ministry of Corporate Affairs ("MCA") has issued Ind AS 118 – Presentation and Disclosure in Financial Statements, which will replace Ind AS 1 – Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1st April, 2027. Ind AS 118 introduces revised presentation requirements in the statement of profit and loss and enhanced disclosure requirements. The standard is expected to impact presentation and disclosures but not the recognition and measurement. The Group is currently evaluating the impact of this standard on the accompanying financial statements. All other new standards or amendments that are not yet effective that have been issued by the MCA are not applicable or material to the Group.

4. **Significant Judgments and Key Sources of Estimation in applying Accounting Policies**

Information about Significant judgements and Key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- ***Recognition of Deferred Tax Assets*:** The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- ***Income Taxes*:** Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Group reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.
- ***Useful lives of depreciable/ amortisable assets*** *(tangible and intangible):* As described in the material accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. Useful lives of intangible assets is determined on the basis of estimated benefits to be derived from use of such intangible assets. These reassessments may result in change in the depreciation / amortization expense in future periods.
- ***Defined Benefit Obligations (DBO)*:** Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.
- ***Provisions and Contingencies:*** Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/ claim/ litigation against Group as it is not possible to predict the outcome of pending matters with accuracy. Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.
- ***Impairment of Investments:*** The Group reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- ***Fair value measurement of Financial Instruments:*** When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The input to these models are taken from observable markets where possible, but where this not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 5.1
Property, Plant & Equipment (At Cost less Depreciation)

	GROSS BLOCK				DEPRECIATION					NET BLOCK
Description	As at 01-04-2025	Additions	Deduction/ Adjustment	As at 31-03-2026	Upto 31-03-2025	For the Year ended 31.03.26	Deductions	As at 31-03-2026	Adjustment	As at 31-03-2026
Computer & Data Processing Unit	28.02	3.65	-	31.67	20.14	5.56	-	25.71	-	5.96
Office Equipments	48.47	7.53	-	56.00	24.81	11.68	-	36.49	-	19.51
Plant & Machineries	526.72	5.67	17.00	515.40	97.53	76.04	1.02	172.55	-	342.85
Building	118.88	1.53	-	120.41	6.38	16.53	-	22.92	-	97.49
Electrical Installation & Equipment	47.44	0.93	-	48.37	12.12	8.67	-	20.79	-	27.58
Furniture & Fittings	124.72	7.47	-	132.19	29.48	25.06	-	54.54	-	77.65
Motor Vehicles	79.48	-	-	79.48	40.23	12.25	-	52.49	-	26.99
Scooty	-	1.13	-	1.13	-	0.06	-	0.06	-	1.07
Motor Vehicles (EV)	-	20.59	-	20.59	-	6.18	-	6.18	-	14.40
Total	**973.74**	**48.50**	**17.00**	**1,005.24**	**230.70**	**162.04**	**1.02**	**391.72**	**-**	**613.52**

Note - 5.2
Intangible Assets

Computer Software	16.96	6.72	-	23.68	7.48	4.06	-	11.54	-	12.13
Total	**16.96**	**6.72**	**-**	**23.68**	**7.48**	**4.06**	**-**	**11.54**	**-**	**12.13**

Note - 5.3
Capital Work - in - Progress

Software	-	91.00	-	91.00	-	-	-	-	-	91.00
Total	**-**	**91.00**	**-**	**91.00**	**-**	**-**	**-**	**-**	**-**	**91.00**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 6 Other Investments

A Investment at Fair Value through Other Comprehensive Income	As at 31st March 2026	
a. Investments in Equity Instruments		
Quoted, fully paid-up	**No. of units (in absolute numbers)**	**Amount**
Ambey Laboratories Limited	62,000.00	11.72
Growington Ventures India Limited	1,73,13,049.00	148.89
Kalana Ispat Limited	1,72,000.00	35.00
Prime Cable Industries Limited	43,200.00	30.67
Rama Telecom Limited	2,46,000.00	204.18
Safa Systems & Technologies Limited	9,20,000.00	167.44
Shankar Lal Rampal Dye-Chem Limited	2,87,522.00	112.22
Yajur Fibres Limited	48,800.00	17.51
Subtotal		**727.64**
Unquoted, fully paid-up		
Fascinate Textiles Limited	98,000.00	124.34
Kopybright India Limited	1,58,240.00	138.29
National Commodity & Derivatives Exchange Limited	19,000.00	52.08
Freeflow Ventures Private Limited	344.00	520.00
Upflow Sprint Private Limited	244.00	283.05
Subtotal		**1,117.75**
b. Investments in Mutual Funds		
Quoted, fully paid-up		
ICICI Prudential Balanced Advantage Fund - Regular Growth.	64,948.69	46.63
Subtotal		**46.63**
c. Investments in Bonds		
Quoted, fully paid-up		
IIFL Zero Coupon 2031	10,000.00	100.00
Subtotal		**100.00**
TOTAL		**1,992.01**
Aggregate Book Value of Quoted Investments		**874.27**
Aggregate Fair Value of Quoted Investment		**874.27**
Aggregate amount of Unquoted Investments		**1,117.75**
Aggregate amount of Impairment in Value of Investments		-

Note - 7

Other Financial Assets	As at 31st March 2026
Security Deposits (Unsecured Considered good)	
With CDSL	0.18
With NSDL	0.18
With CESC Limited	10.21
Against Rent	35.20
Sub Total	**45.77**
Bank Deposits with more than 12 months maturity with Banks	
Fixed Deposit with ICICI Bank (with maturity more than 12 months)	29.69
Fixed Deposit with SIDBI (with maturity more than 12 months)	60.42
Sub Total	**90.12**
Total	**135.88**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 8

Deferred Tax Assets	As at 31st March 2026
Tax effect of items constituting deferred tax assets	
On difference due to Provision for Employee Benefits	20.25
On difference between book balance and tax balance of Property, Plant and Equipments	92.67
	112.92
Tax effect of items constituting deferred tax assets	28.42
Mark to Market Loss on Investments	57.43
Net Deferred Tax Asset	**85.86**

Note - 8.1

Movement in deferred tax assets and liabilities for the year ended 31st March, 2026 are as follows:

Pariculars	As at 1st April, 2025	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income/Other Equity	As at 31st March 2026
Deferred Tax Assets				
Property, Plant & Equipments	8.84	14.48	-	23.33
Provision for Employee Benefits	4.27	0.83	-	5.10
Mark to Market Loss on Investments	6.86	-	50.57	57.43
Total Deferred Tax Assets	**19.97**	**15.31**	**50.57**	**85.86**

Note - 9

Inventories	As at 31st March 2026
(As valued and certified by management) refer Note No- 3.2	
Raw Materials	687.15
Work-in-Progress	2,268.37
Finished Goods	1,950.65
Stock-in-Trade	896.88
Total	**5,803.04**

Note - 10

Trade Receivables	As at 31st March 2026
Secured, considered good	-
Unsecured, considered good	8,767.80
Doubtful	-
	8,767.80
Less : Provision for bad and doubtful debts	-
Total	**8,767.80**

Note:

Trade receivables are non-interest bearing and are generally on terms of 0 to 120 days. Refer Note No. 42 for information on amount of trade receivables pledged as securities by the group

Refer note no. 50 for receivable from related parties. There are no unbilled receivables as at 31 March 2026

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Ageing schedule as at 31.03.2026

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	**6 months - 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed Trade Receivables - considered good	8,135.78	386.77	151.45	86.70	7.11	8,767.80
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-
Total	**8,135.78**	**386.77**	**151.45**	**86.70**	**7.11**	**8,767.80**

Note - 11

Cash and Cash Equivalents	**As at 31st March 2026**
Balances with banks (in Current / Cash Credit Accounts)	18.86
Cash on hand	10.19
Total	**29.06**

Note - 12

Loans	**As at 31st March 2026**
Loans to Body Corporates and Others	
(Unsecured, considered good)	1,547.76
Total	**1,547.76**

Note - 13

Other Financial Assets	**As at 31st March 2026**
Advance Tax & TDS Receivable	28.20
Other Advances	.
Advance to Suppliers	87.77
Advance to Others	1,790.00
Advance against Expenses	33.36
Prepaid Expenses	270.96
Advance against Salary	0.74
Total	**2,211.03**

Note - 14

Other Current Assets	**As at 31st March 2026**
Export GST Receivables	5.07
GST Input Credit Receivables	153.08
Duty Drawback Receivables	1.41
ROSCTL Claim Receivable	4.15
Income Tax Refundable	0.29
Advance Tax & TDS Receivable (Net of Provision)	26.73
Total	**190.72**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 15.1 - Equity Share Capital

Particulars	As at 31 March 2026	
	No. of Shares (in absolute numbers)	Amount
Authorised Share Capital		
Ordinary Shares at Face Value of Rs. 10/- each	7,00,00,000	7,000.00
Total	**7,00,00,000**	**7,000.00**
Issued Share Capital		
Ordinary Shares at Face Value of Rs. 10/- each	6,19,97,500	6,199.75
Total	**6,19,97,500**	**6,199.75**
Subscribed and Paid up Capital		
Ordinary Shares at Face Value of Rs. 10/- each fully paid	6,19,97,500	6,199.75
Total	**6,19,97,500**	**6,199.75**

Note - 15.1.1 Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	Current Year	
	No. of Shares (in absolute numbers)	Rs. in Lakh
Outstanding at the beginning of the year	1,23,99,500	1,239.95
Add: Issued during the year	4,95,98,000	4,959.80
Less: Bought Back during the year	-	-
Outstanding at the year end	**6,19,97,500**	**6,199.75**

Note - 15.1.2 Rights, Preferences, Restrictions attached to Equity Shares:

The Holding company has only one class of shares referred to as equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per equity share. The dividend, if any, proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except for interim dividend which is approved by the Board. The Group declares and pays dividend in Indian Rupees.

In the event of liquidation, the holders of equity shares will be entitled to receive assets of the Group, remaining after distribution of all the preferential amounts. The distribution will be in proportion to the number of fully-paid up equity shares held by the shareholders.

During the financial year 2022-23, the Holding Company has allotted 45,50,150 equity shares of Rs. 10 each in the proportion of 1 bonus equity share of face value of Rs.10 each for every one equity share of Rs.10 each. There is no share bought back during the period of five years immediately preceding the reporting period.

Note - 15.1.3 The Parent Company doesn't have any Holding Company or Ultimate Holding Company.

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 15.1.4 Details of Shareholding of Promoters in the Holding Company:

S No.	Promoter Name	No. of shares (in absolute numbers)	% holding in the class	% of Changes during the year
1	Niranjan Kumar Mundhra	1,51,65,000	24.4607%	0.00%
2	Mahesh Kumar Mundhra	1,51,65,000	24.4607%	0.00%
3	Shiv Shankar Mundhra	1,51,65,000	24.4607%	0.00%
4	Jagdish Prasad Mundhra	1,300	0.0021%	0.00%
5	Saroj Mundhra	1,300	0.0021%	0.00%
6	Priyanka Mundhra	1,300	0.0021%	0.00%
7	Kirti Mundhra	1,300	0.0021%	0.00%
8	Poonam Mundhra	1,300	0.0021%	0.00%

Note - 15.1.5 Details of Equity Shareholders holding more than 5% shares in the Parent Company:

Name Of Shareholders	As at 31 March 2026	
	No. of shares (in absolute numbers)	% holding in the class
Equity Shares at Face Value of Rs. 10/- Each		
Niranjan Kumar Mundhra	1,51,65,000	24.4607%
Mahesh Kumar Mundhra	1,51,65,000	24.4607%
Shiv Shankar Mundhra	1,51,65,000	24.4607%

Note - 15.2
Other Equity

Particulars	Attributable to Parent			Total Attributable to Parent Company	Non Controlling Interest	Total
	Securities Premium	Retained Earnings	Other Comprehensive Income			
Balance at the beginning of the reporting period 1st April 2025	2,247.53	3,613.94	(23.12)	5,838.35	-	5,838.35
Acquisition of Subsidiary during the year	-	-	-	-	117.80	117.80
Add: Profit for the period	-	2,795.93	-	2,795.93	42.73	2,838.66
Add/(Less): Other Comprehensive Income for the Year	-	-	(251.03)	(251.03)	-	(251.03)
Add/(Less): Reclassification adjustments	-	-	23.12	23.12	-	23.12
Add/(Less): Impact of Taxes	-	-	57.43	57.43	-	57.43
Total Comprehensive Income for the period	**2,247.53**	**6,409.87**	**-193.59**	**8,463.81**	**160.53**	**8,624.34**
Less: Issue of Bonus Shares	2,247.53	2,712.27	-	4,959.80	-	4,959.80
Less: Dividend	-	62.00	-	62.00	-	62.00
Balance as at 31st March 2026	**-**	**3,635.61**	**(193.59)**	**3,442.02**	**160.53**	**3,602.55**

Note - 16

Non Controlling Interest	As at 31st March 2026
Opening Balance	-
Acquisition of a Subsidiary	117.80
Add: Share of Profit for the year	42.73
Total	**160.53**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note -17 **Non Current Borrowings**	As at 31st March 2026
Term Loans From Bank (Secured, Considered Goods)	
From Small Industries Development Bank of India (Refer Note to accounts no. 49)	92.59
Less: Current Maturities of Long Term Borrowing in next 12 months	44.44
Subtotal	**48.15**
From HDFC Bank (Refer Note to accounts no. 49)	39.86
Less: Current Maturities of Long Term Borrowing in next 12 months	10.12
Subtotal	29.75
Total	**77.89**

Note - 18 **Non Current Provisions**	As at 31st March 2026
Provision for Employee Benefits (Refer Note no. 46)	19.63
Total	**19.63**

Note - 19 **Current Borrowings:**	As at 31st March 2026
Loans repayable on demand:	
Cash Credit/ WCDL with Banks (Secured, considered good)	7,412.78
Loans from Related party (Unsecured, considered good)	7.30
Current Maturities of Long Term Borrowings (Secured, considered good)	
From Small Industries Development Bank of India (Refer Note to accounts no. 49)	44.44
From HDFC Bank (Refer Note to accounts no. 49)	10.12
Total	**7,474.64**

Note: With respect to Cash Credit, Working Capital Demand Loan, the first charge on entire current assets present and future, including stock of Raw Material, Work in Progress, Finished Goods, consumable and receivables of the respective Company is given to their respective banks. Second charge on the Commercial Property provided by the Promoters of the group. Promoters guarantee and security has also been provided to banks.

Note - 20 **Trade Payables**	As at 31st March 2026
For Goods and Services	
Total outstanding dues of micro enterprises and small enterprises	232.14
Total outstanding dues of other than micro enterprises and small enterprises	3,155.54
Total	**3,387.69**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Ageing schedule for Trade payables outstanding as at 31 March 2026

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	232.14	-	-	-	232.14
(ii) Others	3,101.38	29.00	25.17	-	3,155.54
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	**3,333.52**	**29.00**	**25.17**	**-**	**3,387.69**

Note - 21	As at 31st March 2026
Other Current Liabilities	
Liabilities for Expenses	193.28
Advance From Debtors	502.91
Statutory Dues Payables	
GST Payable	0.07
TDS Payable	28.65
TCS Payable	0.01
ESI Payable	0.43
EPF Payable	1.96
Labour Welfare Fund	0.08
Professional Tax (Employee)	0.17
Total	**727.56**

Note - 22	As at 31st March 2026
Current Provision	
Provision For Bonus Expenses	3.52
Provision For Employee Benefits (Refer Note no 46)	0.63
Total	**4.15**

Note - 23	Year Ended 31.03.2026
Revenue From Operations	
Domestic Sales	
Sale of Traded Goods	5,346.72
Sale of Manufactured Goods	18,926.14
Sale of Scrap	12.13
Export Sales	
Sale of Manufactured Goods	562.17
Other Operating Income	
Commission Received	0.74
Total	**24,847.90**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 24	Year Ended 31.03.2026
Other Income	
Interest Income	
on Deposits with Banks and Other Financial Institutions	6.05
on Loan to Corporate & Others	103.69
on Other Deposits	0.34
on Income Tax Refund	0.08
Others	
Making Charges	14.20
Dividend Income	0.21
Profit from Derivatives	501.64
Foreign Currency Gain & Loss	33.91
Duty Drawback	14.81
ROSCTL Export	23.54
Discount Received	18.23
Profit on Sale of Assets	1.02
Sundry Balances Written-off	1.26
Commission on Insurance	150.00
Total	**868.95**

Note - 25	Year Ended 31.03.2026
Cost of Materials Consumed	
Opening Stock	1,217.61
Add: Purchases during the year	11,619.11
	12,836.73
Less: Closing Stock	687.15
Total	**12,149.58**

Note - 26	Year Ended 31.03.2026
Purchase of Stock-in-Trade	
Trading Goods	5,440.27
Total	**5,440.27**

Note - 27	Year Ended 31.03.2026
Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade	
Inventories at end of the year	
Finished Goods	1,950.65
Work-in-Progress	2,268.37
Stock-in-Trade	896.88
Total	**5,115.89**
Inventories at beginning of the year	
Finished Goods	2,164.35
Work-in-Progress	1,489.06
Stock-in-Trade	368.20
Total	**4,021.61**
Increase/ Decrease in Stock	**-1,094.29**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 28	Year Ended 31.03.2026
Employee Benefit Expenses	
Salaries, Wages and Bonus	705.84
Contribution to Provident Fund and others	52.06
Staff Welfare Expenses	15.78
Total	**773.68**

The New Labour Codes took effect from 21 November 2025. Based on information available and actuarial valuation, the group has assessed NIL financial impact of past service cost on post-employment defined benefits and continues to monitor implementation.

Note - 29	Year Ended 31.03.2026
Finance Cost	
Interest Expenses	
on Working Capital / Cash Credit	517.36
on Car Loan	3.85
Other Borrowing Costs	
Other Finance Charges	2.29
Bank Charges	17.01
Total	**540.51**

Note - 30	Year Ended 31.03.2026
Depreciation and Amortisation Expenses:	
On Property, Plant and Equipment	162.04
On Intangible Assets	4.06
Total	**166.10**

Note - 31	Year Ended 31.03.2026
Other Expenses	
Direct Expenses	
Carriage Inward	33.60
Chemical Expenses	2.11
Power & Fuel Charges	51.65
Rent Expenses	362.89
Designing Charges	10.29
Job Work Charges	2,138.68
Packaging Expense	428.39
Export Expenses	1.75
Sample Expenses	7.19
Supervisor Expenses	12.79
Warehouse Expenses	6.30
Digital Photoshoot Expenses	1.31
Sub Total	**3,056.95**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 31 (Contd.)	Year Ended 31.03.2026
Indirect Expenses	
Payment to Auditors (Refer Note No - 31.1)	7.45
Advertisement Expense	20.54
Freight Forwarding & Handling Expenses	16.05
CSR Expenses (refer Note No. 52(xvi))	32.00
Carriage Outward	8.77
Commission & Brokerage	63.21
Travelling & Conveyance Expenses	25.72
Discount Allowed	111.77
General Expenses	24.24
Rates & Taxes	2.19
Insurance Expense	7.80
Telephone & Internet Expenses	2.11
Interest & Late Payment Charges	3.25
Loading & Unloading Expenses	27.70
Membership & Subscription Expenses	0.48
Postage & Telegram Expenses	4.12
Printing & Stationery Expenses	5.92
Legal & Professional Fees	43.11
Listing Processing Expenses	1.00
Computer & Software Exp.	10.36
Repair & Maintenance Expenses	38.77
Vehicle Running Expenses	7.47
Filing Fees	33.96
Sales Promotion Expenses	73.96
Security Expenses	25.36
Share Transaction Charges	9.60
Loss on Sale of Investment	188.53
Speculation Loss	0.92
Sub Total	**796.36**
Total Other Expenses	**3,853.31**

Note - 31.1	Year Ended 31.03.2026
Payment to Auditors:	
For Statutory Audit	2.00
For Tax Audit	0.65
For Internal Audit	4.80
Total	**7.45**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 32	Year Ended 31.03.2026
Earning Per Shares	
Profit After Tax	2,838.66
Less: Preference Tax & Dividend	-
Less: Profit for the period attributable to Non-controlling interest	42.73
Profit Available to equity shareholders (A)	2,795.93
Weighted Avg. No. of shares used for calculating Basic EPS (B) (refer Note 32.1)	4,16,14,760
Basic EPS X=A/B (in Rupees)	**6.72**

Note - 32.1 Weighted average number of shares – Basic & Diluted	Year Ended 31.03.2026
Paid-up equity share capital (face value Rs. 10/-)	61,99,75,000
Face Value per share [Amount]	10
Weighted average number of Bonus shares issued outstanding beginning of the year	1,23,99,500
Add: Weighted average number of Bonus shares issued during the year	2,92,15,260
Weighted average number of equity shares outstanding - Diluted	**4,16,14,760**

Note - 33	Year Ended 31.03.2026
Tax Expenses	
Current Tax	1,058.00
Tax paid for earlier year	6.34
Deferred Tax	-15.31
Income Tax expense reported in the Statement of Profit or Loss	**1,049.03**

Note - 33.1	Year Ended 31.03.2026
Reconciliation of Estimated Income Tax Expense at Indian Statutory Income Tax Rate to Income Tax Expense reported in Statement of Profit and Loss:	
Income before Income Taxes	3,887.69
Indian Statutory Income Tax Rate	25.17%
Estimated Income Tax Expenses	**978.45**
Tax Expenses of earlier years	**6.34**
Tax Effect of adjustments to reconcile expected Income Tax Expense to reported Income Tax Expense:	
Tax payable at different rate / Capital Gain	47.68
Tax impact of expenses not deductible	32.66
Tax impact on Others	-0.80
Tax impact on Timing Difference	-15.31
Income tax expense	**1,049.03**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 34	Year Ended 31.03.2026
Other Comprehensive Income	
Items that will not be reclassified to profit or loss	
Equity Instruments through Other Comprehensive Income	-251.03
Less: Tax expense on the above	57.43
Total Other Comprehensive Income for the year(Net of tax)	**-193.59**

Note – 35
These Financial Statement are presented in Indian Rupees "INR" or "Rs." and all values are stated as in Lakhs, unless indicated otherwise.

Note – 36

Balances of Trade Receivables, Trade Payables, Loans and Advances and other Advances are subject to the confirmation from respective parties. The Group management has represented that receivables and payables amount under these heads are realisable and payable as stated values.

Note – 37
The realisable value of current assets, advances and deposits in the ordinary course of Business would not be less than the amount at which they are stated in the Consolidated Financial Statements.

Note – 38
Provisions for all known liabilities have been made in accounts and their does not exist any other liabilities, contingent or otherwise.

Note – 39
Previous years figures

The consolidation for Subsidiary which has been considered in the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Statement of Changes in Equity and the Consolidated Statement of Cash Flow is from the date of acquisition, i.e., 4th October 2025. Comparative consolidated financial information for the year 2024-25, has not been presented, as the requirement for consolidation was not applicable in the previous period. Accordingly, such information is not comparable.

Note – 40
Segment Information (Ind AS 108)

Operating segments are components of the Group whose operating results the Chief Operating Decision Maker (the Board of Directors and the Senior Management) regularly reviews to allocate resources and assess performance, and for which discrete financial information is available. The Group is engaged primarily in the business of manufacturing & trading of readymade garments only; considering risks and returns, organisation structure and internal reporting, all operations and non-current assets of the Group are in India. Accordingly, there are no separate reportable segments as per Ind AS 108.

Note – 41
Financial Instruments

Financial instruments by category. All figures in Rs.Lakhs.

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Disclosure for the year ended 31st March, 2026

Particulars	Carrying Value	Fair Value hierarchy			
		Fair Value	Level 1	Level 2	Level 3
FINANCIAL ASSETS DESIGNATED AT AMORTISED COST					
Non-Current Assets					
Investment in Equity Instruments - Quoted	975.29	727.64	727.64	-	-
Investment in Equity Instruments - Unquoted	1,117.75	1,117.75	-	-	1,117.75
Investment in Mutual Funds	50.00	46.63	46.63	-	-
Investment in Bonds	100.00	100.00	100.00	-	-
Other Financial Assets	135.88	135.88	-	-	-
Current Assets					
Cash and Cash Equivalent	29.06	29.06	-	-	-
Trade Receivables	8,767.80	8,767.80	-	-	-
Loans	1,547.76	1,547.76	-	-	-
Other Financial Assets	2,211.03	2,211.03	-	-	-
FINANCIAL LIABILITIES DESIGNATED AT AMORTISED COST					
Non-Current Liabilities					
Borrowings	77.89	77.89	-	-	-
Current Liabilities					
Borrowings	7,474.64	7,474.64	-	-	-
Trade Payables	3,387.69	3,387.69	-	-	-

Note - 42

Details of financial assets pledged as collateral

Particulars	As at 31.03.2026
Trade receivables	8,767.80
Total	**8,767.80**

Note – 43

Financial Risk Management Objectives and Policies

The Group financial risk management is an integral part of how to plan and execute its business strategies. The Group financial risk management policy is set by the Managing Board. These risks are categorised into Market risk, Credit risk, Liquidity risk and Other risk.

A. Market Risk — Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables, payables and loans and borrowings.

(i) Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. The Group exposure to the risk of changes in market interest rates relates primarily to the Group borrowings with floating interest rates.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on variable borrowings. With all other variables held constant, the Group profit before tax is affected through the impact on floating rate borrowings, as follows:

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Particulars	Change in Interest Rates	For the year ended 31st March, 2026 (Rs in Lakhs)
Impact in Profit before Taxes	50 bps increase	(37.06)
	50 bps decrease	37.06

(ii) Foreign Currency Risk - Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group operating activities (when revenue or expense is denominated in a different currency from the Group functional currency).

Foreign Currency Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in rates of foreign exchange. With all other variables held constant, the Group profit before tax is affected through the impact on change in rates, as follows:

Particulars	Change in Foreign Currency Rates	For the year ended 31st March, 2026 (Rs in Lakhs)
Impact in Profit before Taxes	5% increase	14.21
	5% decrease	(14.21)

(iii) Other Price Risk - The Group exposure to equity securities price risk arises from investments held by the Group and classified in the balance Sheet either at fair value through other comprehensive income or at fair value through profit and loss. Having regard to the nature of securities, intrinsic worth, intent and long term nature of securities held by the Group, fluctuation in their prices are considered acceptable and do not warrant any management.

Other Price Sensitivity

The Analysis is based on assumption that the increase/decrease by 5% with all other variables held constant.

Pariculars	Change in Price	For the year ended 31st March, 2026 (Rs in Lakhs)
Impact in Profit before Taxes	5% increase	43.71
	5% decrease	(43.71)

B. Credit Risk — The credit risk is the risk of financial loss arising from counter party failing to discharge an obligation. The Group is exposed to credit risk from its operating activities (primarily trade receivables and other receivables) and from its financing activities, including deposits placed with banks and financial institutions and other financial instruments.

(Amount in Rs Lakhs)

Trade Receivable Ageing (gross)	Less than 6 months	6 months - 1 year	Above 1 year	Total
As at 31 March 2026 — Unsecured	8,135.78	386.77	245.25	8,767.80

C. Liquidity Risk — the risk that the Group may not be able to settle its obligations at a reasonable price; managed by the finance department with oversight from senior management, monitoring net liquidity through expected cash flows, and maintaining a balance between continuity of funding and flexibility through cash credits and term loans. Surplus funds not immediately required are invested in financial instruments which includes equity shares, mutual funds, bonds and fixed deposit which provide flexibility to liquidate. Besides, it generally has certain undrawn credit facilities which can be assessed as and when required; such credit facilities are reviewed at regular basis.

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

(Amount in Rs Lakhs)

As at 31 March 2026	Outstanding	0 - 1 year	1-5 years	Total
Borrowings	7,552.53	7,474.64	77.89	7,552.53
Trade Payables	3,387.69	3,333.52	54.17	3,387.69

D. Other Risk— The Group exposure to equity securities price risk arises from investments held by the Group and classified in the balance Sheet either at fair value through other comprehensive income or at fair value through profit and loss. Having regard to the nature of securities, intrinsic worth, intent and long term nature of securities held by the Group, fluctuation in their prices are considered acceptable and do not warrant any management.

Note – 44

Capital Management

The Group objective when managing capital (net debt and equity) is to safeguard its ability to continue as a going concern, provide returns to shareholders and benefits to other stakeholders, while protecting and strengthening the Balance Sheet through an appropriate balance of debt and equity funding. Funding needs are met through equity, cash generated from operations and short-term bank borrowings. The Company monitors capital using the gearing ratio (net debt divided by sum of capital and net debt); there have been no breaches of financial covenants for reported periods.

(Amount in Rs Lakhs)

Particulars	As at 31.03.2026
Borrowing	7,552.53
Less: Cash and Cash Equivalents	(29.06)
Net Debt (A)	7,523.48
Equity Share Capital	6,199.75
Other Equity	3,602.55
Total Capital (B)	9,802.30
Gearing Ratio (A / (A+B))	0.43

Note – 45

Investor Education and Protection Fund

No amounts are due and outstanding to be credited to the Investor Education & Protection Fund as at 31 March 2026.

Note – 46

Employee Benefits

Note - 46.1 Defined Contribution Plans

The Group makes contributions, determined as a specified percentage of employees salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Group has no further obligations towards specified contributions. The contributions are charged to the statement of profit and loss as and when they accrue.

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss:

(Amount in Rs. Lakhs)

Particulars	For the Period Ended 31.03.2026
Employers' Contribution to Provident Fund	9.36
Employers' Contribution to State Insurance Scheme	3.25
Total	**12.61**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 46.2 Defined Contribution Plans

I. Gratuity:

The Group provides Gratuity for employees in India as per the Payment of Gratuity Act, 1972. All employees are entitled to gratuity benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation. This defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. The present value of the defined benefit obligation and the relevant current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

Components of Employer Expenses **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026
Current Service cost (including risk premiums for fully insured benefits)	7.32
Interest Cost	1.14
Expected Return on Plan Assets	-
Curtailment Cost / (Credit)	-
Settlement Cost / (Credit)	-
Plan Introduction Cost	-
Actuarial Losses / (Gains)	(5.17)
Total employer expense recognized in P&L	**3.28**

A. Net Asset / Liability recognized in the Balance Sheet **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026
Present value of Defined Benefit Obligation	20.25
Fair Value of Plan Assets	-
Funded status [Surplus/(Deficit)]	(20.25)
Unrecognized Past Service Costs	-
Net Asset / (Liability) recognized in the Balance Sheet	**(20.25)**

B. Reconciliation of Net Asset / Liability recognized in Balance Sheet **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026
Net Asset / (Liability) at beginning of period	(1,696.88)
Employer (Expense)/Credit	(328.22)
Employer Contributions	-
Acquisitions / Business Combinations	-
Net Asset / (Liability) at end of period	**(2,025.09)**

C. Current / Non Current Liability **(Amount in Rs. Lakhs)**

Particulars	For the Period Ended 31.03.2026
Current Liability	(62.58)
Non Current Assets/(Liability)	(1,962.51)
Net Assets/(Liability)	**(2,025.09)**

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

D. Actuarial Assumptions

Particulars	For the year ended March 31, 2026
Financial Assumptions	
Discount Rate	6.70%
Salary Escalation Rate	7.00%
Demographic Assumptions	
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal Rate	2.00%

Note – 47

Dues to Micro and Small Enterprises

Disclosure of payable to vendors as defined under the "Micro, and Medium Enterprise Development Act, 2006" is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the Group. There are no material overdue principal amounts to such vendors at the Balance Sheet date. This information relied upon by statutory auditors.

Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 **(Amount in Rs. Lakhs)**

Particulars	As at 31 March 2026
(1) The amounts remaining unpaid to micro, small and medium enterprise as at the end of the year:	
- Principal	232.14
- Interest	
(2) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-
(3) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-
(4) The amount of interest due and payable for the period of delay in making payment which have been paid but beyond appointed day during the period) but without adding the interest specified under MSMED Act	-
(5) The amount of interest accrued and remaining unpaid at the end of the year	-
(6) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-
Total	**232.14**

Note - 48

Foreign Exchange Earnings and Outgo:

Particulars	31.03.2026
	(Rs. lakh)
Earnings	740.87
Outgo	0.57

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note – 49

Current Borrowings

SIDBI Machine loan stood at Rs. 200.00 Lakhs payable in 54 equal monthly instalments (after a moratorium of 6 months) at a fixed interest rate. 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.18. The Company has not defaulted in payment of Principal and Interest during the year.

Car Loan with HDFC Bank at Rs 18.21 Lakhs payable in 60 equal monthly instalments at fixed interest rate. Car Loan is secured against the hypothecation of car financed and amount due within 12 months Rs. 3.85 Lakhs is shown under Short-Term Borrowing in Note no. 18. The Company has not defaulted in payment of Principal and Interest during the year.

Car Loan with HDFC Bank at Rs 45.40 Lakhs payable in 84 equal monthly instalments at fixed interest rate. Car Loan is secured against the hypothecation of car financed and amount due within 12 months Rs. 6.26 Lakhs is shown under Short-Term Borrowing in Note no. 18. The Company has not defaulted in payment of Principal and Interest during the year.

Note – 50

Related Party Disclosures

Note – 50.1

Details of Key Managerial Personnels		
Nature	**Name**	**Designation**
Key Managerial Personnels	Mr. Niranjan Mundhra	Managing Director
	Mr. Shiv Shankar Mundhra	Whole Time Director
	Mr. Mahesh Kumar Mundhra	
	Mrs. Kirti Mundhra	Non Executive Director
	Mr. Krishan Kumar Karnani	Chief Financial Officer
	Mrs. Kirti Taparia	Independent Director
	Mr. Shashikant Soni	Independent Director (Resigned during the year)
	Mr. Suraj Kumar Singh	Independent Director (Appointment & Resigned during the year)
	Mr. Yash Jhawar	Independent Director (Appointed during the Year)
	Ms. Muskan Mundhra	Company Secretary

Note – 50.2

Details of Related Party Transactions and Balance outstanding for the F.Y. 2025-26	
Nature	**Name of the Entities**
Entities in which KMP exercise significant influence	Q Baazar India LLP
	Deehub Lifestyle Ltd
	Shree Garments
	Shree International
	Sri Ganesh Enterprise

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 50.3

Transactions during the year

Particulars	**Lacs) 31.03.2026**
Sales	
Shree Garments	1,448.62
Shree International	4.69
Sri Ganesh Enterprise	500.62
Q Baazar India LLP	498.28
Deehub Lifestyle Limited	552.71
Purchases	
Shree Garment	34.63
Sri Ganesh Enterprise	576.15
Shree International	2.60
Deehub Lifestyle Limited	224.81
Direct Expenses	
Job Work Charges	
Sri Ganesh Enterprise	1.41
Packaging Expenses	
Sri Ganesh Enterprise	0.84
Employee Benefit Expenses (Salary)	
Niranjan Mundhra	120.00
Mahesh Kumar Mundhra	120.00
Shiv Shankar Mundhra	120.00
Krishan Kumar Karnani	24.00
Muskan Bubna (Formerly Muskan Mundhra)	3.00
Rent Paid during the year	
Niranjan Mundhra	98.24
Mahesh Kumar Mundhra	134.24
Shiv Shankar Mundhra	98.24
Indirect Expenses	
Director Sitting Fees	
Kirti Mundhra	0.90
Kirti Taparia	0.90
Shashikant Soni	0.45
Suraj Kumar Singh	0.40
Purchase of Property, Plant & Equipment	
Q Baazar India LLP	0.06
Purchase of Intangible Assets	
Purchase of Software	
Q Baazar India LLP	6.72
Loan or Advance given during the year	
Q Baazar India LLP	180.00
Loan or Advance refund during the year	
Q Baazar India LLP	180.00
Trade Receivables	
Shree Garments	481.90
Shree International	4.93
Deehub Lifestyle Ltd	16.09
Advance to Suppliers	
Q Baazar India LLP	0.31
Trade Payables	
Shree Garments	40.68
Shree International	2.36
Deehub Lifestyle Ltd	115.22
Sri Ganesh Enterprise	0.15

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

Note - 50.4 Key Managerial Personnel Compensation

Particulars	Amount (Rs in Lacs) 31.03.2026
Short-Term Employee Benefits	387.00
Director's Sitting Fees	2.65
Total Compensation	**389.65**

Note - 51

Contingent Liabilities	
Particulars	**Amount in Rs. Lakhs. 30.03.2026**
(a) Claims against the Company not acknowledged as debts	N.A.
(b) Guarantees	N.A.
(c) Other Money for which the company is contingently liable	N.A.
(d) Bills discounted and re-discounted	N.A.
(e) Disputed statutory dues (Income Tax, GST, Customs Duty, Excise Duty, etc.) not provided for	N.A.
(f) Corporate guarantees issued on behalf of subsidiaries/associates/joint ventures	N.A.
(g) Pending litigations having possible financial implications	N.A.
Total of Contingent Liabilities	N.A.

Note – 52

Additional Regulatory Information

(i) Title deeds of Immovable Properties not held in name of the Company:

The Group does not have the immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) of which title deeds not held in the name of the respective company.

(ii) Fair valuation of investment property

The Group does not have the investment property to disclose as to whether the fair value of such investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

(iii) Revaluation of Property, Plant and Equipment

The Group has not revalued any of its Property, Plant and Equipment during the current reporting period and for previous year's reporting period.

(iv) Revaluation of Intangible Assets

The Group has not revalued any of its Intangible Assets during the current reporting period and for previous year's reporting period.

(v) Loans or advances to specified persons

Disclosures of Loans or Advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), is repayable on demand.

a. Loan Repayable on Demand		
Type of Borrower	Amount of Loans or advances in the nature of loans outstanding	% to the total Loans or advances in the nature of loans
	31.03.2026 (Rs. lakh)	31.03.2026
Promoters	Nil	Nil
Directors	Nil	Nil
KMPs	Nil	Nil
Related Party	Nil	Nil
Total	**Nil**	**Nil**

b. The Group has no Loans without specifying any terms or year of repayment.

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

vi. Capital Work in Progress (CWIP)

CWIP aging schedule for 2025-26

CWIP	Amount in CWIP for a period of				
	Less than 1 year	1 - 2 year	2-3 years	More than 3 Years	Total
Project Work in Progress	91.00	-	-	-	91.00
Projects temporarily suspended	-	-	-	-	-

(vii) Intangible Assets under Development

The Group has no intangible Assets under development during the current period.

(viii) Details of Benami Property held

The Group does not hold any Benami Property and hence there were no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibitions) Act, 1988 and the Rules made thereunder.

(ix) Borrowings secured against current assets

The Group has taken borrowings from banks 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.

(x) Wilful Defaulter

The Group has not been declared as a wilful defaulter by any bank or financial institution or other lender who has power to declare a company as a wilful defaulter till the year ended FY 2025-26.

(xi) Relationship with Struck off Companies

The Group has not carried out any transactions with Companies which are struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956, hence no disclosure is required as such.

(xii) Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under Clause (87) of Section 2 of the Companies Act, 2013 (Restriction on number of Layers) Rules, 2017.

(xiii) Compliance with Approved Scheme(s) of Arrangements

The Group does not have any Scheme of Arrangements which has been approved by the Competent Authority in terms of Sec. 230 to 237 of the Companies Act, 2013.

(xiv) Utilization of Borrowed Funds and Share Premium

a. The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall;

   i. directly or indirectly lends or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

   ii. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

   Hence no disclosure is required as such.

b. The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

   i. directly or indirectly lends or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) ,

Notes to Consolidated Financial Statements
As at and for the year ended 31 March 2026

ii. provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries.

Hence no disclosure is required as such.

(xv) Undisclosed Income

The Group does not have any undisclosed Income, which has been surrendered or disclosed as any unrecorded income in any tax year, under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions. Also, the Company does not have previously unrecorded income and related assets which were required to be properly recorded in the books of accounts during the year.

(xvi) Corporate Social Responsibility (CSR)

Particulars	2025-26 Amount (in Rs. Lakhs)
Amount required to be spent by the company during the year	31.73
Amount of expenditure incurred during the year	32.00
Excess amount spent for the Financial Year [(ii)-(i)]	0.27
Surplus arising out of the CSR projects or programs or activities of the previous Financial Years, if any	0.52
Amount available for set off in succeeding Financial Years [(iii)-(iv)]	0.79

The Holding Company has complied with the provisions of section 135 of the company's Ac t 2013 and the details of CSR activities are given in the annual report. CSR is not applicable on the Subsidiary Company i.e. Kidcity Solutions Pvt Ltd as the Subsidiary Company has not satisfy any of the criteria mentioned in section 135(1).

(xvii)Details of Crypto Currency or Virtual Currency

The Group has neither traded nor invested in Crypto Currency or Virtual Currency during the FY 2025-26.

Note - 53

Company included in Consolidation

Particulars	2025-2026	
	Extent of Shareholding	Relationship
Kidcity Solutions Private Limited	75.00%	Subsidiary

Note – 54

Events after the Reporting Date

There have been no events after the reporting date requiring disclosure.

Note - 55

Acquisition of Subsidiary **(Amount in Rs. Lakhs)**

Name of the Entity	Net assets (total assets minus total liabilities)		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income minus total liabilities)	
	As % of consolidate d net assets	Amount	As % of consolidate d profit/(loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent Company								
Karnika Industries Limited	97.05%	9,513.56	92.58%	2,667.73	100.00%	(193.59)	92.05%	2,474.14
Subsidiary Company								
Kidcity Solutions Private Limited	1.74%	170.94	5.93%	170.93	0.00%	-	6.36%	170.93
Non Controlling Interest	1.20%	117.80	1.48%	42.73	0.00%	-	1.59%	42.73
Total	100.00%	9,802.30	100.00%	2,881.39	100.00%	(193.59)	100.00%	2,687.80

The Holding company has acquired shares through fresh issue of Kidcity Solutions Private Limited ('Kidcity') and has completed its acquisition process during the quarter ended 31st December, 2025, by acquiring 24,49,494 equity shares of equity shares of Rs 10/- each representing 75% of the total equity share capital of Kidcity, resulting in Kidcity becoming subsidiary of the company. As per Ind AS 103 Business combinations, the transactions has been accounted for and the difference between the consideration paid on acquisitions and fair value of net identifiable assets acquired attributed to the Holding company has been accounted for as Goodwill as on the date of acquisition.

(A) Detailed break up of purchase consideration

Particulars	Amount (Rs in Lacs)
Bank Payments	367.42
Total Purchase consideration	**367.42**
(B) Identifiable assets acquired and liabilities assumed	
Particulars	
Assets	
Property, plant and equipment including Intangible Assets	9.96
Capital Work in Progress	91.00
Deferred Tax Assets, net	0.30
Other Financial Assets	2.00
Inventories	238.23
Trade Receivables	538.57
Cash and Cash Equivalents	74.21
Other Current Assets	36.60
Liabilities	
Borrowings	(51.55)
Trade Payables	(445.70)
Other Current Liabilities	(22.44)
Total identifiable net assets on date of Acquisition	**471.19**
Minority Interest	117.80
Total identifiable net assets acquired	**353.40**
(C) Amounts recognised as Goodwill and other intangibles	
Particulars	
Fair value of consideration transferred	367.42
Fair value of net assets acquired	353.40
Goodwill	**14.03**

The goodwill is attributable mainly to the synergies, expected to be entering into D2C/E-Commerce Channel/SIS Model and future growth potential.

(D) Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired in acquisition.

Note – 56

Reclassification of previous year figures

Previous year figures are regrouped and reclassified to make them comparable with Ind AS presentation.

For A A A J & Associates (formerly known as Uttam Agarwal & Associates) Chartered Accountants Firm Registration No.322455E	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/- CA Deepak Agarwal Partner Mem. No.. 061132 Place: Kolkata Date : 16.05.2026 UDIN : 26061132JPHZWS7176	Sd/- Krishan Kumar Karnani (Chief Financial Officer)	Sd/- Muskan Mundhra (Company Secretary)