



Date : 30<sup>th</sup> May, 2024

To,  
The Corporate Relationship Department  
Bombay Stock Exchange Limited  
PJ Tower, Dalal Street,  
Fort, Mumbai – 400001

**Ref : Scrip Code – 540756**

**Sub : Regulation 30 - Outcome of the Board Meeting held on 30<sup>th</sup> May, 2024**

Dear Sir,

I. This is to inform you that the Company's Board has in its meeting held on 30<sup>th</sup> May, 2024 commenced at 4.00 p.m. and concluded at 10.15 p.m. in pursuance with Regulation 30(4) and Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 has been approved by the Board of Directors and taken on record inter-alia the following matters:

1. Adoption of Audited Financial Results for the half year & year ended 31<sup>st</sup> March, 2024.
2. Independent Auditors Report in pursuance with Regulation 33 of the SEBI (LODR) Regulations, 2015 for the financial year as on 31<sup>st</sup> March, 2024.
3. Approval of Cash Flow Statement for the half year ended and year ended on 31<sup>st</sup> March, 2024.
4. Appointment of Sark & Associates as Secretarial Auditor for FY 2024-2025.

II. We hereby declare that the Auditor of the company M/s. Shetty Naik & Associates, Chartered Accountants has issued the Audit Report under the Companies Act, 2013 and Financial Results as prepared under SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 for the financial year ended on 31<sup>st</sup> March, 2024 with modified opinion.

You are kindly requested to take the same on record.

**For Kaarya Facilities And Services Limited**



**Vineet Pandey**  
**Joint Managing Director**  
**(DIN : 00687215)**

**KAARYA FACILITIES & SERVICES LIMITED**

1101, Lotus Link Square, D N Nagar, New Link Road, Andheri (West) Mumbai - 400053  
CIN No. : L93090MH2009PLC190063, E-mail: info@kaarya.co.in, Url : www.kaarya.co.in

**KAARYA FACILITIES AND SERVICES LIMITED**

1101, 11th Floor, Lotus Link Square, D N Nagar, New link Road, Andheri West, Mumbai - 400053

CIN - L93090MH2009PLC190063

**AUDITED BALANCE SHEET AS AT 31-MARCH-2024**

Sr No	PARTICULARS	Note No.	31-Mar-24	31-Mar-23
			Rs. in Thousand	Rs. in Thousand
<b>I.</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1.</b>	<b>Shareholders' funds</b>			
	(a) Share Capital	2	93,503	93,503
	(b) Reserves and Surplus	3	(1,09,903)	(59,322)
	(c) Money received against share warrants		-	-
			<b>(16,400)</b>	<b>34,181</b>
<b>2.</b>	<b>Share application money pending allotment</b>			
	(To the extent not refundable)			
<b>3.</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	4	2,216	29,682
	(b) Deferred Tax liabilities (Net)	5	-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term Provisions	6	1,770	-
			<b>3,986</b>	<b>29,682</b>
<b>4.</b>	<b>Current Liabilities</b>			
	(a) Short term borrowings	7	66,886	19,972
	(b) Trade payables	8		
	(A) total outstanding dues of micro enterprises and small enterprises		1,467	467
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		4,580	3,160
	(c) Other current liabilities	9	1,09,538	77,304
	(d) Short term provisions	10	3,648	3,447
			<b>1,86,119</b>	<b>1,04,351</b>
	<b>TOTAL</b>		<b>1,73,705</b>	<b>1,68,214</b>
<b>II</b>	<b><u>ASSETS</u></b>			
<b>1.</b>	<b>Non-current assets</b>			
	(a) Property, Plant and Equipments	11		
	(i) Property, Plant and Equipments		22,274	27,005
	(ii) Intangible assets		3,992	5,246
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)	5	1,115	770
	(d) Long-term loans and advances		-	-
	(e) Other non-current assets	12	202	448
			<b>27,583</b>	<b>33,469</b>
<b>2.</b>	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories	13	12,978	15,608
	(c) Trade receivables	14	55,170	42,421
	(d) Cash and Cash Equivalents	15	25,450	16,287
	(e) Short-term loans and advances	16	31,623	27,396
	(f) Other current assets	17	20,900	33,032
			<b>1,46,122</b>	<b>1,34,745</b>
	<b>TOTAL</b>		<b>1,73,705</b>	<b>1,68,214</b>
	Significant accounting policies and notes to accounts	1		

For an on behalf of Board of Directors of

Kaarya Facilities And Services Limited



**Vishal Panchal**  
Managing Director  
DIN: 00687445



**Vineet Pandey**  
Jt. Managing Director  
DIN: 00687215

**KAARYA FACILITIES AND SERVICES LIMITED**  
1101, 11th Floor, Lotus Link Square, D N Nagar, New link Road, Andheri West, Mumbai - 400053  
CIN - L93090MH2009PLC190063

**AUDITED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31-MARCH-2024**

Sr.No	PARTICULARS	Note No.	For the Year Ended 31-MARCH-2024	For the Year Ended 31-MARCH-2023
			Rs. in Thousand	Rs. in Thousand
I	Revenue from Operations	18	2,91,750	2,23,316
II	Other Income	19	2,672	2,375
III	<b>Total Income (I + II)</b>		<b>2,94,422</b>	<b>2,25,691</b>
IV	<b>Expenses</b>			
	Cost of Material Consumed		-	-
	Purchase of Stock in Trade	20	4,920	4,775
	Changes in Inventories	21	2,630	717
	Employee Benefits Expenses	22	2,59,077	2,06,090
	Other Expenses	23	57,941	30,056
	<b>Total Expenses</b>		<b>3,24,568</b>	<b>2,41,638</b>
V	<b>Profit before Interest, Depreciation and Tax (III-IV)</b>		<b>(30,146)</b>	<b>(15,947)</b>
	Finance Costs	24	7,242	5,552
	Depreciation And Amortization Expenses	11	7,211	9,585
VI	<b>Profit before exceptional and extraordinary items and tax</b>		<b>(44,599)</b>	<b>(31,084)</b>
VII	Exceptional Items	25	6,326	43,912
VIII	<b>Profit before extraordinary items and tax (VI-VII)</b>		<b>(50,925)</b>	<b>(74,996)</b>
IX	Extraordinary items		-	-
X	<b>Profit before tax (VIII-IX)</b>		<b>(50,925)</b>	<b>(74,996)</b>
XI	<b>Tax expense:</b>			
	(1) Current tax		-	-
	(2) Deferred tax		(344)	(572)
	(3) Tax expense for prior period		-	3,447
			<b>(344)</b>	<b>2,875</b>
XII	<b>Profit for the period from continuing operations (X - XI)</b>		<b>(50,581)</b>	<b>(77,871)</b>
XIII	Profit/(Loss) for the period from discontinuing operations		-	-
XIV	Tax expense of discontinuing operations		-	-
XV	<b>Profit/(Loss) from discontinuing operations (after tax) (XIII-XIV)</b>		<b>-</b>	<b>-</b>
XVI	<b>Profit/(Loss) for the period (XII + XV)</b>		<b>(50,581)</b>	<b>(77,871)</b>
XVII	<b>Earnings per equity share:</b>			
	(1) Basic		(5.41)	(1.09)
	(2) Diluted		(5.41)	(1.09)
	See accompanying notes to the financial statements	1		

For an on behalf of Board of Directors of  
Kaarya Facilities And Services Limited



**Vishal Panchal**  
Managing Director  
DIN: 00687445



**Vineet Pandey**  
Jt. Managing Director  
DIN: 00687215

**KAARYA FACILITIES AND SERVICES LIMITED**  
1101, 11th Floor, Lotus Link Square, D N Nagar, New link Road, Andheri West, Mumbai - 400053  
CIN - L93090MH2009PLC190063

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31-MARCH-2024**

Sr. No	PARTICULARS	For Half Year Ended			Year Ended	Year Ended
		01-October-2023 To 31-March-2024	01-April-2023 To 30-September-2023	01-October-2022 To 31-March-2023	01-April-2023 To 31-March-2024	01-April-2022 To 31-March-2023
		Audited	Unaudited	Unaudited	Audited	Audited
			Rs. in Thousand	Rs. in Thousand	Rs. in Thousand	Rs. in Thousand
I	<b>Revenue from Operations (Net Of Taxes)</b>					
	<b>Revenue from Operations</b>					
	Sale of Services	1,56,571	1,35,179	1,25,760	2,91,750	2,23,316
	Other Operating Revenues	-	-	-	-	-
II	<b>Other Income</b>	1,832	840	1,947	2,672	2,375
III	<b>Total Income (I + II)</b>	<b>1,58,403</b>	<b>1,36,019</b>	<b>1,27,707</b>	<b>2,94,422</b>	<b>2,25,691</b>
IV	<b>Expenses</b>					
	Cost of Material Consumed	-	-	-	-	-
	Purchase of Stock in Trade	2,166	2,755	2,811	4,920	4,775
	Changes in Inventories	984	1,645	369	2,630	717
	Employee Benefits Expenses	1,32,639	1,26,438	1,11,946	2,59,077	2,06,090
	Other Expenses	31,651	26,290	12,105	57,941	30,056
	<b>Profit Before Interest, Depreciation and tax</b>	<b>(9,036)</b>	<b>(21,110)</b>	<b>476</b>	<b>(30,146)</b>	<b>(15,947)</b>
	Finance Costs	4,328	2,915	2,767	7,242	5,552
	Depreciation And Amortization Expenses	3,632	3,579	4,793	7,211	9,585
V	<b>Profit before exceptional and extraordinary items and tax</b>	<b>(16,996)</b>	<b>(27,603)</b>	<b>(7,085)</b>	<b>(44,599)</b>	<b>(31,084)</b>
VI	<b>Exceptional Items</b>	6,326	-	36,737	6,326	43,912
VII	<b>Profit before extraordinary items and tax (V-VI)</b>	<b>(23,322)</b>	<b>(27,603)</b>	<b>(43,822)</b>	<b>(50,925)</b>	<b>(74,996)</b>
VIII	<b>Extraordinary items</b>	-	-	-	-	-
IX	<b>Profit before tax (VII-VIII)</b>	<b>(23,322)</b>	<b>(27,603)</b>	<b>(43,822)</b>	<b>(50,925)</b>	<b>(74,996)</b>
X	<b>Tax expense:</b>					
	(1) Current tax	-	-	-	-	-
	(2) Deferred tax	(177)	(167)	(283)	(344)	(572)
	(3) Tax Expense for prior period	-	-	3,447	-	3,447
		(177)	(167)	3,165	(344)	2,875
XI	<b>Profit for the period from continuing operations (IX - X)</b>	<b>(23,145)</b>	<b>(27,436)</b>	<b>(46,987)</b>	<b>(50,581)</b>	<b>(77,871)</b>
XII	<b>Profit/(Loss) for the period from discontinuing operations</b>	-	-	-	-	-
XIII	<b>Income Tax For Prior Period</b>	-	-	-	-	-
XIV	<b>Profit/(Loss) from discontinuing operations (after tax) (XII-XIII)</b>	-	-	-	-	-
XV	<b>Profit/(Loss) for the period (XI + XIV)</b>	<b>(23,145)</b>	<b>(27,436)</b>	<b>(46,987)</b>	<b>(50,581)</b>	<b>(77,871)</b>
XVI	<b>Earnings per equity share:</b>					
	(1) Basic	(2.48)	(2.93)	(5.03)	(5.41)	(1.09)
	(2) Diluted	(2.48)	(2.93)	(5.03)	(5.41)	(1.09)

For Kaarya Facilities And Services Limited



Vishal Panchal  
Managing Director  
DIN: 00687445



Vineet Pandey  
Joint Managing Director  
DIN: 00687215

**KAARYA FACILITIES & SERVICES LIMITED**  
Cash Flow Statement for the Period Ended 31-Mar-2024

Sr no.	Particulars	For the year ended 31-Mar-2024		For the year ended 31-Mar-2023	
		Rs. in Thousand		Rs. in Thousand	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	(Profit/Loss) before exceptional items, prior period items and tax:		(50,925)		(74,996)
	Adjustments for :				
	Depreciation and amortisation	7,211		9,585	
	Interest Received	(2,533)		(1,526)	
	Interest Expense	7,242		5,552	
			11,921		13,611
	Operating Profit before working capital changes		(39,005)		(61,385)
	<b>Adjustments for:</b>				
	(Increase)/Decrease in Other Current Asset	12,132		(7,841)	
	(Increase)/Decrease in Short Term Loans and Advances	(4,228)		(4,817)	
	(Increase)/Decrease in Trade receivables	(12,749)		12,692	
	(Increase)/Decrease in Inventories	2,629		19,711	
	(Increase)/Decrease in Investments	-		-	
	Increase/(Decrease) in Trade payables	2,421		1,179	
	Increase/(Decrease) in Other Liabilities and Provisions	32,434		41,640	
			32,639		62,563
	Cash generated from Operations		(6,365)		1,176
	Less : Direct taxes paid		-		-
	<b>Net cash from Operating Activities (A)</b>		(6,365)		1,176
	Prior Period Adjustments (Other than Taxation)		-		-
	<b>Net cash from Operating Activities (A)</b>		(6,365)		1,176
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of fixed assets		(1,226)		(452)
	Proceeds from sale of fixed assets		-		-
	Decrease / (Increase) in Deposits		-		-
	(Increase)/Decrease in Other Non Current Assets		246		2,148
	Interest received		2,533		1,526
	Dividend received		-		-
	<b>Net Cash used in Investing Activities (B)</b>		1,553		3,222
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Receipt From Borrowings		5,500		5,211
	Repayment of Borrowings		(31,197)		(13,652)
	Increase/(Decrease) in Short Term Borrowing		46,915		9,040
	Interest Paid		(7,242)		(5,552)
	Proceeds from issue of Equity shares		-		-
	<b>Net cash used Financing Activities (C)</b>		13,976		(4,957)
	Net increase in cash and cash equivalents (A+B+C)		9,161		(557)
	Cash and cash equivalents at the beginning of the year		16,287		16,843
	Cash and cash equivalents at the end of the year		25,448		16,287

For an on behalf of Board of Directors of  
Kaarya Facilities And Services Limited



**Vishal Panchal**  
Managing Director  
DIN: 00687445



**Vineet Pandey**  
Jt. Managing Director  
DIN: 00687215

**KAARYA FACILITIES AND SERVICES LIMITED**  
Notes forming part of the financial statements  
**(D) Disclosure as per Accounting Standard 18 (Related Party Disclosure)**

a) Names of related parties and description of relationship:

Enterprises owned or significantly influenced by key management personnel or their relatives	Kaarya Next Solution Pvt Ltd Evetan Fintech Pvt Ltd Brassbell Tech and Services
Key Management Personnel (JMD)	Mr.Vineet Pandey
Key Management Personnel (CMD)	Mr.Vishal Panchal

(b) Transactions along with related parties for the year ended March 31,2024 and March 31,2023 are as follows: (Previous Year's figures are shown below the current year figure) and Amount in Thousands

Particulars	Holding Company	Enterprises owned or significantly influenced by key management personnel or their relatives			Key Management Personnel and relatives	Total
		Kaarya Next Solution Pvt Ltd	Evetan Fintech Pvt Ltd	Brassbell Tech and Services		
Name of Party						
Sales of Services	-	-	-	-	-	-
Sales of Goods Return	-	-	-	-	-	-
Purchase of Services	-	-	-	40	-	40
Purchase of capital goods	-	-	-	540	-	540
consumable and other expenses	-	-	-	-	-	-
Share Capital-15% Redeemable Cumulative Non convertible Preference shares	-	-	-	-	-	-
Loan Received	-	-	-	-	-	-
Loan Given	-	24,962	-	-	-	24,962
Advance taken	-	48,405	-	-	-	48,405
Advance Repaid	-	-	-	-	-	-
Advance Paid	-	-	-	-	-	-
Loan Repayment	-	22,119	-	-	-	22,119
Interest Received	-	43,634	-	-	-	43,634
Interest Paid	-	1,438	-	-	-	1,438
Commission Paid	-	887	-	-	-	887
Rent Paid	-	-	-	-	1,771	1,771
Remuneration to Key Management Personnel	-	-	-	-	6,225	6,225
<b>Balance Outstanding at the year end:</b>	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	-
Accounts Receivables	-	-	-	-	-	-
Loan Given	-	21,527	-	-	-	21,527
Remuneration payable to Key Management personnel	-	17,246	-	-	-	17,246
	-	-	-	-	550	550
	-	-	-	-	445	445

For Kaarya Facilities And Services Limited



Vishal Panchal  
Managing Director  
DIN: 00687445  
DIN: 00687445



Vineet Pandey  
Jt. Managing Director  
DIN: 00687215

*Jagdish B. Shetty*

B. Com., F. C. A., D. I. S. A. (ICAI), L. L. B. (Gen.)



**SHETTY NAIK & ASSOCIATES**  
**Chartered Accountants**

*Santosh J. Naik*

B. Com., L. L. B., F. C. A., D. I. S. A. (ICAI)

31, Madhuban Industrial Estate, Plot No. 30, Off Mahakali Caves Road, Andheri (E), Mumbai - 400 093.  
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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF KAARYA FACILITIES AND SERVICES LIMITED

#### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **KAARYA FACILITIES AND SERVICES LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March, 2024, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended on that date and 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, except for the possible effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") as amended in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024 in the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date, and in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- i) We have been informed that considering the nature of business in which the company is engaged into, the company acts as an intermediary for supply of manpower to its customers and therefore for the years prior to FY 2023-24, the company has a policy of making payment of Employee's and Employer's contribution to Provident Fund and other components of Employee Benefit Expenses solely based on the approvals/payments received from the Principal (Customer) or when the said amount of contribution is demanded by the concerned employee. Accordingly, the effect of the said policy for payment of Provident Fund for earlier years in the Statement of Profit and Loss for FY 2023-24 amounts to Rs. 63.26 Lakhs.



We are unable to comment on the total amount of Provident Fund Liability pending for earlier years.

- ii) The Company has outstanding statutory liabilities as on 31-Mar-2024 for various previous years as under:

Particulars	Amount (Rs.)
Goods and Service Tax	3,81,84,458

Since these statutory liabilities attract mandatory interest, the Company is required to provide for the interest on accrual basis. However, Company has not provided for the interest on said statutory liabilities. This has resulted in loss being understated to the extent of such non-provision.

- iii) The Company has made the provision for gratuity liability based on the actuarial valuation as referred in the Accounting Standard 15 "Employee Benefits" only for limited Corporate Employees leaving out temporary corporate employee. On the basis of information and explanations received from the management, the Gratuity provision has been made only in respect of permanent corporate employees and does not cover field staff in view of recoverability of such employee benefits from the principal employer. The said practice is at variance with AS -15. The impact of same on Statement of Profit and Loss is unascertained.

**Emphasis of Matter**

- i) As per the information received from the company, the following statutory liabilities for FY 2023-24 are outstanding as at 31<sup>st</sup> March, 2024:

Particulars	Amount (Rs.)
Goods and Service Tax	1,93,28,199
Karnataka Labour Welfare Fund	4,560
Provident Fund (Employee & Employer's Contribution)	1,20,35,856
TDS	3,83,078







Particulars	Amount (Rs.)
ESIC	2,75,391
Profession Tax	4,81,225

The above Statutory Liabilities are in agreement with the books of accounts.

Our opinion is not modified in respect of this matter.

#### **Material Uncertainty Related to Going Concern**

We draw attention to disclosure made in Note 1 – Significant Accounting Policies to the financial statements, which indicates that the Company incurred a net loss of Rs. 5,05,81,135/- during the year ended 31<sup>st</sup> March, 2024 (Previous Year ended 31<sup>st</sup> March, 2023, Loss of Rs. 7,78,70,932/-) and the company's networth has completely eroded indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the audited financial statements of the current period. These matters were addressed in the context of our audit of the audited financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Sales Contracts - Accuracy of revenues and onerous obligations in respect of fixed price contracts.	Principal Audit Procedures. Our audit approach was a combination of test of internal controls and substantive procedures which included the following:- <ul style="list-style-type: none"><li>• Evaluated the design of internal controls relating to recording of efforts incurred and estimation of</li></ul>



		<p>efforts required to complete the performance obligations.</p> <ul style="list-style-type: none"> <li>• Tested the access and application controls pertaining to time recording, allocation and budgeting systems which prevents unauthorized changes to recording of efforts incurred.</li> <li>• Selected a sample of contracts and through inspection of evidence of performance of these controls, tested the operating effectiveness of the internal controls relating to efforts incurred and estimated.</li> <li>• Selected a sample of contracts and performed a retrospective review of efforts incurred with estimated efforts to identify significant variations and verify whether those variations have been considered in estimating the remaining efforts to complete the contract.</li> <li>• Reviewed a sample of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.</li> </ul>
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**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 of the information included in the Management Discussion and Analysis, Board’s Report



including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 Responsibilities for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of The Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of The Act, read with Rule 7 of The Companies (Accounts) Rules, 2014 ("the Rules") and The Companies (Accounting Standards) Rules, 2021. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.



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

**Auditor's Responsibilities for the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial 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 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 the 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 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with the 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.

#### **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.



2. As required by Section 143(3) of the Act, based on our audit 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 accounts 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 the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with rules except for the matters as specified in the "*Basis of Qualified Opinion*" Paragraph.
- e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2024 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 the financial statements of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g) With respect to the matter to be included in the Auditor's report under Section 197(16) of The Companies Act, 2013:

In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Company to its directors is in accordance with the provisions of Section 197 of the Act read with schedule v. The remuneration paid to directors by the Company is not in excess of the limit laid down under Section 197 of the Act read with Schedule v.

- 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, as amended, in our opinion



and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations/contingent liabilities as on 31<sup>st</sup> March, 2024 in its financial statements- Refer note 27 of financial statements.
- ii. The Company did not have long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred in Investor Education and Protection Fund by the Company.
- iv. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of accounts, which has a feature of recording audit trail (edit log) facility which has been enabled throughout the Financial Year 2023-24.

In continuation to the above and based on our examination it is seen that the audit trail provides the list of altered records. Based on our test check, we did not come across any instance of the audit trail feature being tampered with.

- v. As per Rule 11(e), we report as under:
  - (a) The Management has represented that, to the best of its 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 Company to or in any other person or entity, including foreign entity ("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 its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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;

(c) Based on the 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

vi. As stated in Notes forming part of the financial statements:

- (a) No final dividend was proposed by the company during the previous year;
- (b) No interim dividend was declared and paid by the Company during the year;

**For Shetty Naik & Associates**  
**Chartered Accountants**

Firm Registration No.: 124851W

CA. Jagdish Shetty

Partner

Membership No.: 111936

Place: Mumbai

Date: 30<sup>th</sup> May, 2024

UDIN: 24111936BKCJBP4064





**Annexure referred to the Auditors' Report**

**"Annexure A" to Independent Auditors 'Report referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date.**

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) According to the information and explanations given to us by the company and on the basis of our examination of the records, the Company has a programme of physical verification of its Property, Plant and Equipment, in a phased manner since major part of its Property, Plant & Equipment is located at onsite. During the Financial Year, the company has conducted the physical verification of its Plant & Machineries and and have provided a report in this regard. No material discrepancies were noticed on verification of such assets as per the report provided to us. We are unable to comment on the functional status and usability of certain old assets and have relied on the verification report provided by the management.
  - (c) According to the information and explanations given to us, the company does not own any immovable property at any point of time during the Financial year.
  - (d) According the information and explanations given to us and on the basis of our examination of the records of the Company, during the year the Company has not revalued any of its Property, Plant and Equipment.
  - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company as at 31st March, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.



ii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the inventory has been physically verified by the management during the year at regular intervals. As per the verification report provided by the management, the coverage and procedure for verification is appropriate and no material discrepancy has been identified, however, we are unable to comment on the usability and physical condition of the Inventory and have relied on the verification report provided by the management.

(b) According to the information and explanations given to us and on the basis of our examination of the records during the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and on the basis of our examination of records, the returns and statements filed with the banks and financial institutions are not in agreement with the Books of Accounts. As per the information and explanation given to us by the company, the details of variations in returns/statements submitted to the Bank as against the Books of Accounts have been tabulated hereunder:

**Sundry Debtors:**

Quarter	As per Statement filed with the Bank	As per Books of Accounts	Difference
Q1	2,04,81,774	1,96,21,130	8,60,643.82
Q2	2,32,70,763	4,01,04,029	(1,68,33,266)
Q3	6,84,07,922	81,12,518	6,02,95,404
Q4	6,93,26,591	5,92,98,416	1,00,28,175

**Sundry Creditors:**

Quarter	As per Statement filed with the Bank	As per Books of Accounts	Difference
Q1	2,98,832	31,30,946	(28,32,114)
Q2	17,09,356	33,17,477	(16,08,121)



Quarter	As per Statement filed with the Bank	As per Books of Accounts	Difference
Q3	18,05,061	38,91,320	(20,86,259)
Q4	17,37,328	60,46,835	(43,09,507)

**Inventory:**

Quarter	As per Statement filed with the Bank	As per Books of Accounts	Difference
Q1	1,05,144	1,44,94,358	(1,43,89,214)
Q2	1,36,232	1,39,62,348	(1,38,26,116)
Q3	1,37,43,695	1,37,43,695	-
Q4	1,29,77,870	1,29,77,870	-

- iii. (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has granted advances in the nature of unsecured loans to its associate Company during the year:

A) During the year, the company has advanced unsecured loan to its associate company, the details of which are tabulated hereunder:

Name of the Party	Opening Balance as on 01-04-2023	Loans Advanced during the year	Interest Income	Loans repaid	Closing Balance as on 31-03-2024
Kaarya Next Solutions Private Limited	1.72 cr	2.50 cr	0.16 Cr	2.23 cr	2.15 Cr

- B) During the year, the company has given loans or advances to its employees, the details of which are tabulated hereunder:

Name of the Party	Opening Balance as on 01-04-2023	Loans Advanced during the year	Interest Income	Loans repaid	Closing Balance as on 31-03-2024
Loans to Employees	0.15Cr	0.03Cr	-	0.02Cr	0.16 Cr
Advance against Salary paid to Employees	0.64Cr	0.03Cr	-	0.10	0.57Cr

- (b) As per the information and explanation given to us, since the rate of interest on which the loan has been advanced to the associate company is not in line with the prevailing Bank Rate, accordingly, the unsecured loans granted by the company during the year are prejudicial to the interest of the company.
- (c) As per the information and explanation provided to us, the company has duly entered into an Inter-corporate deposit agreement with its associate company specifying the terms and conditions of loan and payment of Interest thereon. However, the schedule of repayment of principal is not stipulated in the agreement. Nonetheless, the payment of interest as well as repayment of principal is regular during the year.
- (d) As per our examination of records, the interest has been regularly serviced by the company during the year. Since the schedule of repayment of principal has not been specified and regularly serviced, we cannot comment on the amount overdue for payment of principal for more than ninety days.
- (e) There is no loan or advance in the nature of loan granted which has fallen due during the year and has been renewed or extended or settled and therefore, clause 3(iii)(e) is not applicable.
- (f) The loan granted to associate company during the year is repayable on demand without specifying the terms or period of repayment. The details are as under:



Aggregate amount of loan granted during the year	2.50cr
% to total loans granted	98%

Further, it is observed that the loans / advance salary given to employees are given without specifying any terms or period of repayment are not being deducted from the salaries of the respective employees. We are unable to comment on the policy of the company in recovery of advances and loans from its employees

Particulars	Amount (Rs.)	% Total
Loans to Employees	Rs. 16.60 Lakhs	100%
Advance Salary	Rs. 56.69 Lakhs	100%

- iv. According to the information and explanations given to us and on the basis of our examination of the records during the year, the Company has complied with the provisions of Section 185 and Section 186 of The Companies Act, 2013.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of section 73, 74, 75 and 76 or any other provisions of the Companies Act, 2013 and the rules framed thereunder to the extent notified. Accordingly, clause 3(v) of the order is not applicable.
- vi. According to the information and explanations given to us, the company is not liable to maintain cost records specified by the Central Government under Section 148(1) of The Companies Act, 2013. Accordingly, clause 3(vi) of the Order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues are not deposited regularly and with serious delays during the year. The undisputed statutory dues which are pending to be paid for a period of more than six months from the date on which they become payable are tabulated as under:

Particulars	Amount (Rs.)
Goods & Service Tax (FY 2020-21)	30,64,096
Goods & Service Tax (FY 2021-22)	86,78,768
Goods & Service Tax (FY 2022-23)	2,64,41,593

Further, according to the information and explanations given to us, in respect of Provident Fund which are in arrears for a period of more than six months from the date they become payable, we are unable to comment on the amount of Provident Fund (Employee as well as Employer's Contribution) payable in respect of the said years as the same cannot be quantified as on date.

(b) According to the records of the Company and the information and explanations given to us, there are no disputed dues on account of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Service Tax, Cess which have not been deposited by the Company on account of disputes, *except for the following* :

Nature of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount (Rs.)
Income Tax Act, 1961	Income Tax	Writ Petition, High Court, Mumbai	AY 2018-19	41,13,420
Income Tax Act, 1961	Income Tax	CIT(Appeal)	AY 2020-21	28,61,490
Income Tax Act, 1961	Income Tax	CIT(Appeal)	AY 2021-22	22,33,130
Income Tax Act, 1961	Income Tax	CIT(Appeal)	AY 2022-23	14,27,660
Finance Act, 1994	Service Tax	Writ Petition, High Court, Mumbai	AY 2014-15 to AY 2017-18 (till June-17)	68,28,493

- 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 in the tax assessments under the Income-tax Act, 1961, any transactions, previously unrecorded as income in the books of account during the year.



- ix. (a) According to the information given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a 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 term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not utilized any funds raised on short term basis for long term purpose. Accordingly reporting under clause 3(ix)(d) of the order is not applicable.
- (e) 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 taken any loan from any entity or person to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, clause 3(ix)(e) 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, the Company has not taken any loans on the pledge of securities of its subsidiaries, associates or joint ventures. Accordingly reporting under clause 3(ix)(f) of the order is not applicable.
- x. (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debenture (fully





- or partially or optionally convertible) during the year. Accordingly, clause 3(x)(b) 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) No whistle blower complaints have been received by the Company during the year (and upto the date of this report).
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xiv. (a) Based on information and explanations provided to us the provisions of Section 138 of The Companies Act, 2013 related to Internal Audit is applicable to the company. The company has appointed the Internal Auditor on 30<sup>th</sup> March, 2023 and in our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) The Internal Audit report issued by the Internal Auditor appointed by the company under Section 138 of The Companies Act, 2013 has been considered by us 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) The Company has not conducted any Non-Banking Financial / Housing Finance Activities during the year. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- xvii. During the year, the company has a cash loss of Rs. 4,37,14,666/-. The cash loss during the immediately preceding Financial Year 2022-23 is Rs. 6,34,20,060/-.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, Clause 3(xviii) 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, other information accompanying the financial statements, as informed to us about the management plans and based on our examination of the evidence supporting the assumptions, circumstances exist as on the date of audit which may cast a doubt on the ability of the company to meet its financial liabilities as at that date.

However, the management has confirmed that the process of further infusion of equity is under process and accordingly planned further infusion of capital coupled with the projects in hand, past record of mobilization of funds and the introduction of new prospective clients, the company will be able to stabilize the cash flow and hence we does





not foresee any issues to meet the financial liabilities existing as on the date of audit. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. The provisions of Corporate Social Responsibility under Section 135 of The Companies Act, 2013 is not applicable to the Company. Therefore, Clause 3(xx) of the order is not applicable.

**For Shetty Naik & Associates**

**Chartered Accountants**

Firm Registration No.: 124851W

  
CA. Jagdish Shetty

Partner

Membership No.: 111936

Place: Mumbai

Date: 30<sup>th</sup> May, 2024

UDIN: 24111936BKCJBP4064



*Jagdish B. Shetty*

B. Com., F. C. A., D. I. S. A. (ICAI), L. L. B. (Gen.)



**SHETTY NAIK & ASSOCIATES**  
**Chartered Accountants**

*Santosh J. Naik*

B. Com., L. L. B., F. C. A., D. I. S. A. (ICAI)

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## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kaarya Facilities & Services Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under clause (i) of Sub - Section 3 of section 143 of the Companies Act ,2013 ("the Act")**

We have audited the internal financial controls over financial reporting of KAARYA FACILITIES & SERVICES LIMITED ("the Company") as of 31st March, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial





controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 internal financial controls system over financial reporting of the Company.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Limitations of Internal Financial Controls over Financial Reporting**

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





**SHETTY NAIK & ASSOCIATES**  
Chartered Accountants

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Shetty Naik & Associates**  
**Chartered Accountants**

Firm Registration No.: 124851W

A handwritten signature in blue ink, appearing to be 'Jagdish Shetty', is written over a large, stylized circular scribble.

**CA. Jagdish Shetty**  
**Partner**



**Membership No.: 111936**

Place: Mumbai

Date: 30<sup>th</sup> May, 2024

UDIN: 24111936BKCJBP4064



**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)**

**(Rs. In thousands)**

<b>I.</b>	<b>Sl. No</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Audited Figures (as reported after adjusting for qualifications)</b>
	1.	Turnover/Total Income	2,94,422	2,94,422
	2.	Total Expenditure	3,45,347	3,45,347
	3.	Net Profit/(Loss) Before tax effect	(50,925)	(50,925)
	4.	Earnings per Share (In Rs.)	(5.41)	(5.41)
	5.	Total Assets	1,73,705	1,73,705
	6.	Total Liabilities	1,90,105	1,90,105
	7.	Net Worth	(16,400)	(16,400)
	8.	Any other Financial item(s) (as felt appropriate by the management)	-	-
<b>II.</b>	<b>Audit Qualification (each audit qualification separately):</b>  <b>1. A. Details of audit Qualification:</b>  We have been informed that considering the nature of business in which the company is engaged into, the company acts as an intermediary for supply of manpower to its customers and therefore for the years prior to FY 2023-24, the company has a policy of making payment of Employee's and Employer's contribution to Provident Fund and other components of Employee Benefit			

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Expenses solely based on the approvals/payments received from the Principal (Customer) or when the said amount of contribution is demanded by the concerned employee.

Accordingly, the effect of the said policy for payment of Provident Fund for earlier years in the Statement of Profit and Loss for FY 2023-24 amounts to Rs. 63.26 Lakhs. We are unable to comment on the total amount of Provident Fund Liability pending for earlier years.

**B. Type of Audit Qualification:** Qualified Opinion

**C. Frequency of Qualification:** Repetitive

**D. For Audit Qualification(s) where the impact is quantified:** Not Applicable

**E. For Audit Qualification(s) where the impact is not quantified:**

- i. Management's estimation on impact: Considering the nature of business activities of the company, Payment of Salaries and Contribution to statutory funds is dependent on the approvals received from the respective clients. Therefore, before FY 2023-24, the company had the policy of charging its books of accounts towards Employers contribution to PF only to the extent approvals have been obtained and the amount has actually been deposited. Accordingly, the impact of Employers & Employee Contribution to PF for the earlier years prior to FY 2023-24 has been charged to the Statement of Profit & Loss of the current FY depending upon the approvals received from the respective clients.

The impact of the above policy in the financial statements of current FY is Rs. 63.26 Lakhs

- ii. If Management is unable to estimate the impact, reasons for the same:  
In case of balance PF Liability, the impact can be quantified only after

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approvals have been obtained from the client therefore the said impact cannot be quantified as at 31st March, 2024

iii. Auditor's Comment on (i) or (ii) above: The impact of the said audit qualification has already been given in profit and loss account and is reported in exceptional item in the books of accounts to the tune of Rs. 63.26 Lakhs.

However, the impact of the balance PF Liability cannot be quantified

**2. A. Details of audit Qualification:**

The Company has outstanding statutory liabilities as on 31-Mar-2024 for various previous years as under:

Particulars	Amount (Rs.)
Goods and Service Tax	3,81,84,458

Since these statutory liabilities attract mandatory interest, the Company is required to provide for the interest on accrual basis. However, Company has not provided for the interest on said statutory liabilities. This has resulted in profit being overstated / loss being understated to the extent of such non-provision.

**B. Type of Audit Qualification:** Qualified Opinion

**C. Frequency of Qualification:** First Time

**D. For Audit Qualification(s) where the impact is quantified:** Not Applicable

**E. For Audit Qualification(s) where the impact is not quantified:**

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- i. Management's estimation on impact: The Company has outstanding GST Liability since FY 2020-21 and the same is paid by the company in piecemeal on account of Cash Flow and Fund Flow Issues. The Management is of the opinion that the provision for interest and penalty shall be done at the time of actual payment of liabilities and therefore the effect of the same has not been given in the books of accounts.
- ii. If Management is unable to estimate the impact, reasons for the same:  
Not Applicable
- iii. Auditor's Comment on (i) or (ii) above: The impact of the said audit qualification has not been given in the books of accounts or Financial Statements.

**3. A. Details of audit Qualification:**

The Company has made the provision for gratuity liability based on the actuarial valuation as referred in the Accounting Standard 15 "Employee Benefits" only for limited Corporate Employees leaving out temporary corporate employee. On the basis of information and explanations received from the management, the Gratuity provision has been made only in respect of permanent corporate employees and does not cover field staff in view of recoverability of such employee benefits from the principal employer. The said practice is at variance with AS -15. The impact of same on Statement of Profit and Loss is unascertained.

**B. Type of Audit Qualification:** Qualified Opinion

**C. Frequency of Qualification:** Repetitive

**D. For Audit Qualification(s) where the impact is quantified:** Not Applicable

**E. For Audit Qualification(s) where the impact is not quantified:**

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- i. Management's estimation on impact: Not Applicable
- ii. If Management is unable to estimate the impact, reasons for the same:  
Based on the Company's nature of business, the provision for Gratuity in respect of Field staff is reimbursible by the Principal Employer, i.e., the company will be compensated for the future liability to that extent.  
Further, for the Back office staff, the Provision has been created for 19 out of 32 staff since there is high employee turnover and accordingly it is observed in the past that very few employee continue with the company beyond 5 years and accordingly the company accounted for the Gratuity provisions for the Corporate Employees which are employed only on permanent basis.
- iii. Auditor's Comment on (i) or (ii) above: The said Audit Qualification is non-compliant with AS-15. The Acturial report includes valuation for part employees and the provision for balance employees cannot be quantified



**JAGDISH BHOJA SHETTY** Digitally signed  
by JAGDISH  
BHOJA SHETTY  
Date: 2024.05.30  
21:07:00 +05'30'

**Mr. Vishal Panchal Mr. Vineet Pandey**

**Director**

**Director**

**DIN: 00687445**

**DIN: 00687215**

**CA. Jagdish Shetty**

**Statutory Auditor**

**Shetty Naik & Associates**

**Place: Mumbai**

**Date: 30-May-2024**

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