



Date: 30<sup>th</sup> May, 2023

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, 2023**

Dear Sir,

I. This is to inform you that the Company's Board has in its meeting held on 30<sup>th</sup> May, 2023 commenced at 5.00 p.m. and concluded at 8.45 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, 2023.
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, 2023.
3. Approval of Cash Flow Statement for the half year ended and year ended on 31<sup>st</sup> March, 2023.
4. Appointment of Sark & Associates as Secretarial Auditor for FY 2023-2024.

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 And Services Ltd.**

Inspire Hub 115, 1st Floor, Western Heights, JP Road, Opp. Gurudwara,  
4 Bungalows, Andheri (West), Mumbai - 400 058.

CIN No. : L93090MH2009PLC190063 • E-mail : info@kaarya.co.in • url : www.kaarya.co.in

**KAARYA FACILITIES AND SERVICES LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31-MARCH-2023**

Sr. No	PARTICULARS	01-October-2022	01-April-2022	01-October-2021	For the Year Ended	For the Year Ended
		To	To	To	31-MARCH-2023	31-MARCH-2022
		31-March-2023	30-September-2022	31-March-2022	Audited	Audited
		Audited	Unaudited	Unaudited	Audited	Audited
		Rs. in Thousand	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	1,25,760	97,556	1,05,966	2,23,316	2,01,889
	Other Operating Revenues	-	-	-	-	-
II	<b>Other Income</b>	1,947	428	1,266	2,375	1,292
III	<b>Total Income (I + II)</b>	<b>1,27,707</b>	<b>97,984</b>	<b>1,07,232</b>	<b>2,25,691</b>	<b>2,03,182</b>
IV	<b>Expenses</b>					
	Cost of Material Consumed	-	-	-	-	-
	Purchase of Stock in Trade	2,811	1,964	2,298	4,775	5,137
	Changes in Inventories	369	348	(5,725)	717	(4,744)
	Employee Benefits Expenses	1,11,946	94,144	90,561	2,06,090	1,66,983
	Other Expenses	12,105	15,630	8,885	27,735	20,328
	Profit Before Interest, Depreciation and tax	476	(14,102)	11,213	(13,626)	15,477
	Finance Costs	2,767	2,785	2,782	5,552	5,145
	Depreciation And Amortization Expenses	4,793	4,791	5,088	9,585	10,090
V	<b>Profit before exceptional and extraordinary items and tax</b>	<b>(7,085)</b>	<b>(21,678)</b>	<b>3,343</b>	<b>(28,763)</b>	<b>242</b>
VI	<b>Exceptional Items</b>	36,737	9,495	-	46,233	-
VII	<b>Profit before extraordinary items and tax (V-VI)</b>	<b>(43,822)</b>	<b>(31,174)</b>	<b>3,343</b>	<b>(74,996)</b>	<b>242</b>
VIII	<b>Extraordinary items</b>	-	-	-	-	-
IX	<b>Profit before tax (VII-VIII)</b>	<b>(43,822)</b>	<b>(31,174)</b>	<b>3,343</b>	<b>(74,996)</b>	<b>242</b>
X	<b>Tax expense:</b>					
	(1) Current tax	-	-	219	-	219
	(2) Deferred tax	(283)	(290)	(84)	(572.0717)	(158)
	(3) Tax Expense for prior period	3,447			3,447	-
		3,165	(290)	134	2,875	61
XI	<b>Profit for the period from continuing operations (IX - X)</b>	<b>(46,987)</b>	<b>(30,884)</b>	<b>3,209</b>	<b>(77,871)</b>	<b>181</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>(46,987)</b>	<b>(30,884)</b>	<b>3,209</b>	<b>(77,871)</b>	<b>181</b>
XVI	<b>Earnings per equity share:</b>					
	(1) Basic	(5.03)	(6.61)	0.69	(8.33)	0.04
	(2) Diluted	(5.03)	(6.61)	0.69	(8.33)	0.04

For Kaarya Facilities And Services Limited



**Vishal Panchal**  
Director



**Vineet Pandey**  
Director

**KAARYA FACILITIES AND SERVICES LIMITED**

Unit-115, Inspire Hub, Adani Western Heights, J P Road, Andheri (West), Mumbai - 400058

CIN - L93090MH2009PLC190063

**BALANCE SHEET AS AT 31-MARCH-2023**

Sr No	PARTICULARS	Note No.	31-Mar-23	31-Mar-22
			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	46,751
	(b) Reserves and Surplus	3	(59,321)	65,301
	(c) Money received against share warrants		-	
			<b>34,181</b>	<b>1,12,052</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	29,682	38,124
	(b) Deferred Tax liabilities (Net)	5	-	-
	(c) Other Long term liabilities		-	-
	(d) Long-term Provisions		-	-
			<b>29,682</b>	<b>38,124</b>
<b>4.</b>	<b>Current Liabilities</b>			
	(a) Short term borrowings	6	28,220	19,178
	(b) Trade payables	7		
	(A) total outstanding dues of micro enterprises and small enterprises		467	606
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		3,160	1,842
	(c) Other current liabilities	8	67,564	27,025
	(d) Short term provisions	9	6,663	2,117
			<b>1,06,073</b>	<b>50,768</b>
	<b>TOTAL</b>		<b>1,69,935</b>	<b>2,00,944</b>
<b>II</b>	<b><u>ASSETS</u></b>			
<b>1.</b>	<b>Non-current assets</b>			
	(a) Property, Plant and Equipments	10		
	(i) Property, Plant and Equipments		27,005	34,467
	(ii) Intangible assets		5,246	6,917
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)	5	770	198
	(d) Long-term loans and advances		-	-
	(e) Other non-current assets	11	448	2,596
			<b>33,469</b>	<b>44,178</b>
<b>2.</b>	<b>Current assets</b>			
	(a) Current investments		-	-
	(b) Inventories	12	15,608	35,318
	(c) Trade receivables	13	42,421	55,113
	(d) Cash and Cash Equivalents	14	16,286	16,842
	(e) Short-term loans and advances	15	27,395	22,579
	(f) Other current assets	16	34,755	26,913
			<b>1,36,465</b>	<b>1,56,766</b>
	<b>TOTAL</b>		<b>1,69,935</b>	<b>2,00,944</b>
	Significant accounting policies and notes to accounts	1		

For Kaarya Facilities And Services Limited



**Vishal Panchal**  
Director  
DIN: 00687445



**Vineet Pandey**  
Director  
DIN: 00687215

**KAARYA FACILITIES AND SERVICES LIMITED**

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31-MARCH-2023**

Sr.No	PARTICULARS	Note No.	For the Year Ended	For the Year Ended
			31-MARCH-2023	31-MARCH-2022
			Rs. in Thousand	Rs. in Thousand
I	Revenue from Operations	17	2,23,316	2,01,889
II	Other Income	18	2,375	1,292
III	<b>Total Income (I + II)</b>		<b>2,25,691</b>	<b>2,03,182</b>
IV	<b>Expenses</b>			
	Cost of Material Consumed		-	-
	Purchase of Stock in Trade	19	4,775	5,137
	Changes in Inventories	20	717	(4,744)
	Employee Benefits Expenses	21	2,06,090	1,66,983
	Other Expenses	22	27,735	20,328
	<b>Total Expenses</b>		<b>2,39,317</b>	<b>1,87,705</b>
V	<b>Profit before Interest, Depreciation and Tax (III-IV)</b>		<b>(13,626)</b>	<b>15,477</b>
	Finance Costs	23	5,552	5,145
	Depreciation And Amortization Expenses	10	9,585	10,090
VI	<b>Profit before exceptional and extraordinary items and tax</b>		<b>(28,763)</b>	<b>242</b>
VII	<b>Exceptional Items</b>	24	46,233	-
VIII	<b>Profit before extraordinary items and tax (VI-VII)</b>		<b>(74,996)</b>	<b>242</b>
IX	<b>Extraordinary items</b>		-	-
X	<b>Profit before tax (VIII-IX)</b>		<b>(74,996)</b>	<b>242</b>
XI	<b>Tax expense:</b>			
	(1) Current tax		-	219
	(2) Deferred tax		(572)	(158)
	(3) Tax expense for prior period		3,447	-
			<b>2,875</b>	<b>61</b>
XII	<b>Profit for the period from continuing operations (X - XI)</b>		<b>(77,871)</b>	<b>181</b>
XIII	<b>Profit/(Loss) for the period from discontinuing operations</b>		-	-
XIV	<b>Tax expense of discontinuing operations</b>			-
XV	<b>Profit/(Loss) from discontinuing operations (after tax) (XIII-XIV)</b>		-	-
XVI	<b>Profit/(Loss) for the period (XII + XV)</b>		<b>(77,871)</b>	<b>181</b>
XVII	<b>Earnings per equity share:</b>			
	(1) Basic		(8.33)	0.04
	(2) Diluted		(8.33)	0.04
	See accompanying notes to the financial statements	1		

For Kaarya Facilities And Services Limited



**Vishal Panchal**  
Director  
DIN: 00687445



**Vineet Pandey**  
Director  
DIN: 00687215

**KAARYA FACILITIES & SERVICES LIMITED**  
Cash Flow Statement for the Period Ended 31-Mar-2023

Sr no.	Particulars	For the year ended 31-Mar-2023		For the year ended 31-Mar-2022	
		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:		(74,996)		242
	Adjustments for :				
	Depreciation and amortisation	9,585		10,090	
	Interest Received	(2,375)		(1,266)	
	Interest Expense	5,552		5,145	
			12,762		13,969
	Operating Profit before working capital changes		<b>(62,234)</b>		<b>14,211</b>
	<b>Adjustments for:</b>				
	(Increase)/Decrease in Other Current Asset	(7,841)		-	
	(Increase)/Decrease in Short Term Loans and Advances	(4,815)		4,390	
	(Increase)/Decrease in Trade receivables	12,692		(18,484)	
	(Increase)/Decrease in Inventories	19,711		(4,744)	
	(Increase)/Decrease in Other Non Current Assets	2,148		1,867	
	(Increase)/Decrease in Investments	-		-	
	Increase/(Decrease) in Trade payables	1,179		586	
	Increase/(Decrease) in Other Liabilities and Provisions	45,085		11,287	
		<b>68,157</b>		<b>(5,098)</b>	
Cash generated from Operations		<b>5,923</b>		<b>9,112</b>	
Less : Direct taxes paid		(3,447)		(219)	
<b>Net cash from Operating Activities (A)</b>		<b>2,476</b>		<b>8,894</b>	
Prior Period Adjustments (Other than Taxation)				-	
<b>Net cash from Operating Activities (A)</b>		<b>2,476</b>		<b>8,894</b>	
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of fixed assets		(452)		(3,524)
	Proceeds from sale of fixed assets		-		-
	Decrease / (Increase) in Deposits		-		-
	Interest received		2,374		1,266
	Dividend received		-		-
<b>Net Cash used in Investing Activities (B)</b>		<b>1,922</b>		<b>(2,258)</b>	
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Receipt/(repayment) of Borrowings (net)		597		6,051
	Interest Paid		(5,552)		(5,145)
	Proceeds from issue of Equity shares		-		-
	<b>Net cash used Financing Activities (C)</b>		<b>(4,955)</b>		<b>906</b>
Net increase in cash and cash equivalents (A+B+C)		<b>(557)</b>		<b>7,542</b>	
Cash and cash equivalents at the beginning of the year		16,842		9,300	
Cash and cash equivalents at the end of the year		<b>16,286</b>		<b>16,842</b>	

For Kaarya Facilities And Services Limited



**Vishal Panchal**  
Director  
DIN: 00687445



**Vineet Pandey**  
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 31,2023 and March 31,2022 are as follows: (Previous Year's figures are shown in brackets) 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	-	-	-	550	-	550
Purchase of capital goods	-	-	-	512	-	512
consumable and other expenses	-	-	-	3,200	-	3,200
Share Capital-15% Redeemable Cumulative Non convertible Preference shares	-	-	-	-	-	-
Loan Received	-	-	-	-	-	-
Loan Given	-	48,405	-	-	-	48,405
Advance taken	-	2,000	-	-	-	2,000
Advance Repaid	-	-	-	-	-	-
Advance Paid	-	-	-	-	-	-
Loan Repayment	-	43,634	-	-	-	43,634
Interest Paid	-	3,206	-	-	-	3,206
Commission Paid	-	-	-	-	-	-
Rent Paid	-	-	-	-	-	-
Remuneration to Key Management Personnel	-	-	-	-	4,080	4,080
<b>Balance Outstanding at the year end:</b>	-	-	-	-	-	-
Accounts Payable	-	-	-	-	-	-
Accounts Receivables	-	-	-	-	-	-
Loan Given	-	17,246	-	-	-	17,246
Remuneration payable to Key Management personnel	-	-	-	-	575	575

For Kaarya Facilities And Services Limited



**Vishal Panchal**  
Director  
DIN: 00687445



**Vineet Pandey**  
Director  
DIN: 00687215

## **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, 2023, 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, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 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) The company is engaged in the business of providing property/facility management services, Housekeeping and other related specialized services. The adverse impact of Covid Pandemic on the business of the company resulted in deterioration in the value of consumables and other materials. During FY 2022-23, the company has assessed the diminution in the value of Inventories based on its realizable value and have accordingly, written down the value of obsolete inventory amounting to Rs. 1.89cr.
- ii) Till FY 2021-22, the company had the policy of booking salary on actual payment basis, implying that the salary for the month of March 2022 was booked in the subsequent Financial year. In compliance to the accrual system of accounting as prescribed in AS-1, the same has been rectified in the current Financial Year and therefore, salary for the month of March 2022 has been charged as an exceptional item in the Statement of Profit and Loss to the tune of Rs. 1.62crs.

- iii) 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, 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. Therefore, the company has accounted for the Employer's Contribution towards Provident Fund only to the extent approved by the customers and deposited by the company. The same has not been booked on accrual basis.
- iv) Accordingly, the effect of the said policy for payment of Provident Fund for earlier years in the Statement of Profit and Loss for FY 2022-23 amounts to Rs. 63.91 Lakhs. We are unable to comment on the total amount of Provident Fund Liability pending for earlier years.
- v) As per the information received from the company, the expenses incurred on behalf of certain clients/projects which are pending to be billed and recognized as revenue on account of pending approval/dispute with the customer has been recorded as WIP under Current Assets. The said amounts under dispute are pending for more than 3 years and the same amounts to Rs. 1.61 Crs. The receivables in respect of the said Clients amounting to Rs. 0.71cr are under dispute with NCLT and therefore, shall be settled accordingly. The Management does not foresee the requirement to create any provision in respect of the said amounts as on the date of the Balance Sheet. We are unable to comment on the probability of recovery of the said amounts.
- vi) The Company has not made any provision for gratuity liability and the actuarial valuation is also not obtained as referred in the Accounting Standard 15 "Employee Benefits". The impact of same on Statement of Profit and Loss is unascertained.
- vii) As per the information received from the company, the following statutory liabilities for FY 2022-23 are outstanding as at 31<sup>st</sup> March, 2023:



Particulars	Amount (Rs.)
Goods and Service Tax	3,17,20,137
Employees contribution to Provident Fund	65,98,339
Profession Tax	2,77,975
ESIC	47,573

### 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.	<p>Principal Audit Procedures Our audit approach was a combination of test of internal controls and substantive procedures which included the following:-</p> <ul style="list-style-type: none"><li>• Evaluated the design of internal controls relating to recording of efforts incurred and estimation of efforts required to complete the performance obligations.</li><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</li></ul>

		<p>estimated.</p> <ul style="list-style-type: none"><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) Amendment Rules, 2018. 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, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls 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. The remuneration paid to directors by the Company is not in excess of the limit laid down under Section 197 of 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, 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, 2023 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. 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;





**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 offsite. During the Financial Year, the company has conducted the physical verification and valuation of its Property, Plant and Equipment through an outside agency and obtained a report in this regard. No material discrepancies were noticed on verification of such assets.
  - (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, therefore reporting under clause 3(i)(c) is not applicable.
  - (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, 2023 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. During such verification, it was observed that a major portion of the inventory in the form of materials and consumables situated at the client's site had become obsolete and scrap. As per the management's judgement, the aggregate value of such inventory totaled to Rs. 1.89cr. In our opinion, the said discrepancy has been properly dealt with and adequately disclosed in the Books of Accounts.

(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	2,15,98,474	2,01,62,189	14,36,285
Q2	2,07,75,384	3,92,66,738	(1,84,91,354)
Q3	2,07,08,249	1,49,76,559	57,31,690
Q4	3,15,94,842	4,23,83,837	(1,07,89,025)

**Reason for Variations:** As per the nature of business of the company, the billing is done in the subsequent month based on approvals received from the clients. However, the stock statements have been submitted to the bank prior to billing and reconciliation of receivables.

**Sundry Creditors:**

Quarter	As per Statement filed with the Bank	As per Books of Accounts	Difference
Q1	5,15,216	18,19,406	(13,04,190)
Q2	5,52,214	4,22,959	1,29,255

Q3	4,80,418	(2,43,786)	7,24,204
Q4	3,55,455	36,26,296	(32,70,841)

**Reason for Variations:** As per the explanation received from the company, the stock statements submitted to the bank contains creditors only with respect to materials purchased and not creditors for expenses.

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 01-04-2022	Loans Advanced during the year	Interest Income	Loans repaid	Closing Balance as on 31-03-2023
Kaarya Next Solutions Private Limited	1.15 cr	4.84cr	0.09Cr	4.36cr	1.72Cr

B) The company has not given any loans or advances and guarantees or security to parties other than subsidiaries, joint ventures or associates during the year.

(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, there is no 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	4.84cr
% to total loans granted	63%

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:

<b>Particulars</b>	<b>Amount (Rs.)</b>
Goods and Service Tax	45,08,174
Employees Contribution to Provident Fund	11,44,564
Employer's Contribution to Provident Fund	47,66,178
ESIC	6,719

Further, according to the information and explanations given to us, in respect of Provident Fund, Goods and Service Tax and other material statutory dues were in arrears as at 31st March, 2022 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 earlier years.

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

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 raise 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 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 has been received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.
- 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. Since the company has appointed the Internal Auditor on 30<sup>th</sup> March, 2023, we are unable to comment on the adequacy of the Internal audit system of the company.
- (b) The Internal Audit has not been commenced for the said year and therefore, no reports of the internal auditors are available for our consideration.
- 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 is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. 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. 6,34,20,060/-. There was no cash loss during the immediately preceding Financial Year 2021-22.
- xviii. There has been resignation of the statutory auditors during the year. Further, No issues, objections or concerns were raised by the outgoing auditors.
- 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, certain 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. Further, we are unable to comment and quantify the financial liabilities outstanding for the previous years as on the date of audit.
- However, the management is of the view that considering the future projects in pipeline and the prospective clients, the company will be able to stabilize the cash flow and fund flow and does not foresee any issues to meet the financial liabilities existing as on the date of audit.
- 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

**JAGDISH**  
**BHOJA**  
**SHETTY**

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**CA. Jagdish Shetty**

**Partner**

**Membership No.: 111936**

Place: Mumbai

Date: 30<sup>th</sup> May, 2023

UDIN: 23111936BGWSTO9506

## **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, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The 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

*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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financial reporting have become inadequate because of changes in condition 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 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, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountant of India.

**For Shetty Naik & Associates**

**Chartered Accountants**

Firm Registration No.: 124851W

**JAGDISH  
BHOJA  
SHETTY**

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**CA. Jagdish Shetty**

**Partner**

**Membership No.: 111936**

Place: Mumbai

Date: 30<sup>th</sup> May, 2023

UDIN: 23111936BGWST09506

