

This is an Abridged Prospectus containing salient features of the Prospectus dated September 22, 2023 (the “Prospectus”). You are encouraged to read greater details available in the Prospectus.

THIS DOCUMENT CONSISTS OF FOUR PAGES OF APPLICATION FORM ALONG WITH INSTRUCTIONS AND EIGHT PAGES OF ABRIDGED PROSPECTUS. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.

Fixed Price Issue



KARNIKA INDUSTRIES LIMITED

CIN: U17299WB2022PLC253035; Date of Incorporation – April 13, 2022

Registered Office	Corporate Office	Contact Person	Email and Telephone	Website
6&6/1, Gurgola Ghat Road P.O. Salkia Howrah, West Bengal- 711106, India	-	Ms. Muskan Mundhra, Company Secretary & Compliance Officer	E-mail: info@karnikaindustries.com Tel. No.: + 033-26558101	www.karnikaindustries.com
PROMOTERS OF THE COMPANY				
MR. NIRANJAN MUNDHRA, MR. SHIV SHANKAR MUNDHRA AND MR. MAHESH KUMAR MUNDHRA				
DETAILS OF THE ISSUE				
TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL ISSUE SIZE	ELIGIBILITY – 229(1)/ 229(2) & Share Reservation amount QIB, NII & RII
Fresh Issue	32,99,200 Equity Shares of Rs.76/- each	-	₹ 2507.39 Lakhs	The Issue is being made in terms of Regulation 229(2) of the SEBI (ICDR) Regulations, 2018 As Amended, As the Company's post issue Paid up capital is more than 10.00 Cr. Reservation: Market Maker 1,66,400 Equity Shares Retail Investor – 15,66,400 Equity Shares Non-Retail Investor – 15,66,400 Equity Shares

These equity shares are proposed to be listed on the **SME Platform of National Stock Exchange of India Limited (“NSE EMERGE”)** and the **Designated Stock Exchange** will be the **NSE Limited**.

OFS: Offer for Sale: Not Applicable

Price Band, Minimum Bid Lot & Indicative Timelines	
Price Band*	Rs. 76/- Per Equity Share of Face value of Rs. 10/- each
Minimum Bid Lot Size	1,600 Equity Shares
Bid/Issue Open On	September 29, 2023
Bid/Closes Open On	October 04, 2023
Finalisation of Basis of Allotment	On or Before October 09, 2023
Initiation of Refunds	On or Before October 10, 2023
Credit of Equity Shares to Demat accounts of Allottees	On or Before October 11, 2023
Commencement of trading of Equity Shares	On or Before October 12, 2023

Details of WACA of all shares transacted over the trailing eighteen months from the date of Prospectus

Period	Weighted Average Cost of Acquisition (in Rs.)	Upper End of the Price Band is 'X' times the WACA	Range of acquisition price Lowest Price - Highest Price (in Rs.)
Trailing Eighteen Month from the date of Prospectus	17.69	4.30	NA

WACA: Weighted Average Cost of Acquisition shall be calculated on fully diluted basis for the trailing eighteen months from the date of Prospectus.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Public Issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10/- each and the Issue Price is Rs.76/- times the face value. The Issue Price (determined and justified by our Company in consultation with the Lead Manager) as stated under chapter titled "Basis for Issue Price" beginning on Page No. 75 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to chapter titled "Risk Factors" beginning on Page No. 22 of the Draft Prospectus.

PROCEDURE

You may obtain a physical copy of the Bid-cum-Application Form and the Prospectus from the stock exchange, syndicate members, registrar to the issue, share transfer agents, depository participants, stock brokers, underwriters, bankers to the issue, investors' associations or Self Certified Syndicate Banks.

If you wish to know about processes and procedures applicable to this issue, you may request for a copy of the Prospectus and/ or the General Information Document (GID) from the Book Running Lead Manager or download it from the websites of the Stock Exchanges i.e. www.nseindia.com and the LM (www.beelinemb.com).

PRICE INFORMATION OF LEAD MANAGER- BEELINE CAPITAL ADVISORS PRIVATE LIMITED

Sr. No.	Issue name	Issue size (Rs in Cr.)	Issue Price (Rs.)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Transvoy Logistics India Limited	5.11	71.00	02.02.2023	71.00	3.17% (1.67%)	-14.44% (2.37%)	9.58% (+11.00%)
2.	Viaz Tyres Limited	20.00	62.00	01.03.2023	68.00	-17.28% (-1.60%)	-15.40% (6.58%)	-20.08% (+10.40%)
3.	Vertexplus Technologies Limited	14.21	96.00	15.03.2023	101.00	0.74% (5.04%)	22.92% (9.38%)	139.58% (+16.78%)

4.	Dev labtech Venrure Limited	11.22	51	29.03.2023	51.20	18.32% (4.64%)	25.94% (9.41%)	NA
5.	Sotac Pharmaceuticals Limited	33.30	111	13.04.2023	115	+7.70% (+2.31%)	6.31% (8.73%)	NA
6.	Remus Pharmaceuticals Limited	47.69	1229	29.05.2023	1711.25	263.98% (1.01%)	74.54% (+3.59%)	NA
7.	Pentagon Rubber Limited	16.17	70.00	07.07.2023	130.00	-10.73% (-0.96%)	NA	NA
8.	Ahasolar Technologies Limited	12.85	157.00	21.07.2023	203.00	147.64% (-2.60%)	NA	NA
9.	Shri Techtex Limited	45.14	61.00	04.08.2023	81.15	59.67% (-0.42%)	NA	NA
10.	Vinsys It Service India Limited	49.84	128.00	11.08.2023	196.45	132.11% (+2.02%)	NA	NA

GENERAL INFORMATION

Name of the Book Running Lead Manager and contact details (telephone and email id) of the Lead Manager	BEELINE CAPITAL ADVISORS PRIVATE LIMITED Telephone Number: +91-79-48407357 Email Id: mb@beelinemb.com Contact Person: Mr. Nikhil Shah
Name of Syndicate Members	Not Applicable
Market Maker	SPREAD X SECURITIES PRIVATE LIMITED Telephone Number: 079-69072020 Email Id: info@spreadx.in Contact Person: Mr. Nikhil Shah
Name of Registrar to the Issue and contact details (telephone and email id)	SKYLINE FINANCIAL SERVICES PRIVATE LIMITED Tel. No.: 011-40450193-197 Email: ipo@skylinerta.com Contact Person: Mr. Anuj Kumar
Name of Statutory Auditor	M/S. A A A J & Associates, Chartered Accountants
Name of Credit Rating Agency and the rating or grading obtained, if any	Not Applicable
Name of Debenture Trustee, if any	Not Applicable
Self-Certified Syndicate Banks	Lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on www.sebi.gov.in/pmd/scsb.pdf . For details on designated branches of SCSB collecting the Application Form, see the above mentioned SEBI link. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.
Non-Syndicate Registered Brokers	You can submit Bid-cum-Application Forms in the Issue to Registered Brokers at the Broker Centres. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the website of the Stock Exchange (www.nseindia.com). For further details, see section titled “Issue Procedure” at page 216 of the Prospectus.

Details regarding website address(es)/link(s) from which the investor can obtain list of registrar to issue and share transfer agents depository participants and stock brokers who can accept application from investor (as applicable)	The details of the Designated Registrar and Share Transfer Agents Locations and Designated Collecting Depository Participant Locations, along with their names and contact details are available on the websites of the Stock Exchange www.nseindia.com and updated from time to time.
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PROMOTERS OF THE COMPANY

S.No	Name	Individual/Corporate	Experience & Educational Qualification
1.	Mr. Niranjan Mundhra	Individual	Mr. Niranjan Mundhra, 38 years is Chairman cum Managing Director and also the Promoter of our Company. He holds Bachelor of Commerce Degree. He is having experience of 07 years in textile industry. He has been instrumental in taking major policy decision of the Company.
2.	Mr. Shiv Shankar Mundhra	Individual	Mr Shiv Shankar Mundhra, aged 33 years, is the Whole Time Director and also the Promoter of our Company. He is having of experience of 07 years in textile industry.
3.	Mr. Mahesh Kumar Mundhra	Individual	Mr. Mahesh Kumar Mundhra, aged 30 years is the Whole-Time Director and also the Promoter of our Company. He holds Higher secondary degree. He is having experience of 07 years in textile industry.

For further details please refer page 136 to 140 of the Prospectus.

BUSINESS OVERVIEW AND STRATEGY

Company Overview: Our Company is an ISO 14001:2015 certified manufacturer through job work, trader and exporter of garments. We basically manufacture through job work all types of kids wear i.e., shorts, joggers, capri, tees, rompers, sleep suits, pyjamas, winter wear, infant wear etc. We have constructed well-established manufacturing units for designing, preparation of sample, quality inspection, ironing and packing of Garments that is equipped with all the necessary hi-tech machines and tools that are required for a modern manufacturing unit. We are manufacturing majority of our products through job work, we are capable of undertaking bulk requirements of our clients and deliver within stipulated time schedule.
Offering: We basically manufacture through job work all types of kids wear i.e., shorts, joggers, capri, tees, rompers, sleep suits, pyjamas, winter wear, infant wear etc.
Geographies Served: We provide our products all over the world.
Revenue segmentation by business offering: Our Revenue for Fiscal Year 2023 from manufacturing through job work is Rs.10906.25 Lakhs and from trading is Rs.1552.99 Lakhs
Revenue segmentation by Product offering: Our Revenue for Fiscal Year 2023 from girls garments is Rs.5469.73 Lakhs, boys garments is Rs.6470.44 Lakhs and from others is Rs.519.07 Lakhs
Revenue segmentation by geographies: Our revenue for Fiscal year 2023 from Export Sales is Rs. 2065.42 Lakhs and from domestic sales is Rs. 10393.82 Lakhs
Key Performance Indicators: For the period from April 13, 2022 to March 31, 2023 our revenue from operations and EBITDA were ₹12605.62 lakhs and ₹826.74lakhs respectively. For the Period from April 01, 2022 to April 12, 2022 our revenue from operations and EBITDA were ₹638.31 lakhs and ₹25.67 lakhs, respectively, while our profit after tax for the period from April 13, 2022 to March 31, 2023, April 01, 2022 to April 12, 2022 and for the year ended March 31, 2022 was ₹318.09 lakhs, ₹62.13 and ₹(10.80) lakhs, respectively.
Revenue segmentation in terms of top 5/10 clients or Industries: Our Revenue for the fiscal year 2023 from top 10 customers is ₹Rs.6788.67 Lakhs which is 54.49% of total sales.

Client Profile or Industries Served: Our company has reputed client base which includes various reputed Commission Agents and retail Sectors Clients. Our strategy is to seek new customers and at the same time secure additional engagements from existing customers by providing timely and improved services.
Intellectual Property, if any: As on the date of Prospectus, one trademark logo is registered in the name of the company with the Registrar of Trademarks and one wordmark has assigned to company by Mr. Niranjan Mundhra through assignment agreement dated June 26, 2023.
Market Share: Not ascertainable
Manufacturing plant, if any: Our company have two manufacturing Unit, Unit-I is situated at 6&6/1, Gurgola Ghat Road, P.O. Salkia, Howrah, West Bengal- 711106, India and Holding No.2, Hazarimall Shah Road in Ward No.1, 7, Gurgola Ghat Road, Salkia, Howrah 711 106, West Bengal, India and Unit-II is situated at Block B(III) Satyen Bose Road, Near N.C Pal Bridge, Hatgacha Banipur, Howrah – 711304, West Bengal, India
Employees Strength: As on March 31 2023, we have 221 employees on payroll.

BOARD OF DIRECTORS

Sr. No.	Name	Designation	Experience & Educational Qualification	Other Directorships
1.	Mr. Niranjan Mundhra	Chairman and Managing Director	Mr. Niranjan Mundhra, 38 years is Chairman cum Managing Director and also the Promoter of our Company. He holds Bachelor of Commerce Degree. He is having experience of 07 years in textile industry. He has been instrumental in taking major policy decision of the Company.	Indian Companies: NIL Foreign Companies: NIL
2.	Mr. Shiv Shankar Mundhra	Whole-Time Director	Mr Shiv Shankar Mundhra, aged 33 years, is the Whole Time Director and also the Promoter of our Company. He holds degree in Master of Business Administration. He is having experience of 07 years in textile industry.	Indian Companies: NIL Foreign Companies: NIL
3.	Mr. Mahesh Kumar Mundhra	Whole-Time Director	Mr. Mahesh Kumar Mundhra, aged 30 years is the Whole-Time Director and also the Promoter of our Company. He holds Higher secondary degree. He is having experience of 07 years in textile industry.	Indian Companies: NIL Foreign Companies: NIL
4.	Mrs. Kirti Mundhra	Non-Executive Director	Mrs. Kirti Mundhra, aged 28 years is the Non-Executive Director of our Company. She has degree of Bachelor of Commerce having experience of 7 Years in fashion designing.	Indian Companies: NIL Foreign Companies: NIL
5.	Mrs. Kirti Taparia	Independent Director	Mrs. Kirti Taparia, aged 41 years is Independent Director of our Company. She has degree of Bachelor of Commerce having experience of 7 Years in finance and accounts.	Indian Companies: NIL Foreign Companies: NIL
5.	Mr. Parmeshwar Lal Sharma	Independent Director	Mr. Parmeshwar Lal Sharma, aged 37 years is Independent Director of our Company. He holds degree in Bachelor of Commerce having experience of 6 Years in finance and accounts.	Indian Companies: NIL Foreign Companies: NIL

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. To Meet Working Capital Requirement
2. General Corporate Purpose
3. To Meet the Issue Expenses

Details of means of finance: -

The fund requirements for each of the objects of the Issue are stated as follows:

Sr. No.	Objects of the Issue	Total estimated cost	Amount deployed	Amount to be financed from Net Proceeds	Estimated Net Proceeds Utilization till March 31, 2024
1.	To Meet Working Capital Requirement	2000.00	--	2000.00	2000.00
2.	General Corporate Expenses**	337.39	--	337.39	337.39
3.	Public Issue Expenses	170.00	6.03	170.00	170.00
	Total	2507.39	6.03	2507.39	2507.39

* The issue related expenses of Rs.6.03 Lakhs has been paid through Internal Accruals but will be recovered from Net Proceeds.

Details & reasons for non-deployment or delay in deployment of proceeds or changes in utilization of issue proceeds of past public issue/right issue if any, of the Company in the preceding 10 years-Not applicable

Name of monitoring agency: Not Applicable

Terms of Issuance of Convertible Security: Not Applicable

Convertible securities being offered by the Company	NA
Face Value / Issue Price per Convertible securities	NA
Issue Size	NA
Interest on Convertible Securities	NA
Conversion Period of Convertible Securities	NA
Conversion Price for Convertible Securities	NA
Conversion Date for Convertible Securities	NA
Details of Security created for CCD	NA

SHAREHOLDING PATTERN

Sr. No.	Particulars	Pre- Issue number of shares	% Holding of Pre issue
1.	Promoters & Promoter Group	91,00,300	100.00
2.	Public	0	0
	Total	91,00,300	100.00

RESTATED FINANCIALS

Standalone Restated Financials

(in Rs. lakhs)

Particulars	For the Period from 13th April	For the Period from	For The Year Ended 31st March
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	2022 to March 31, 2023	01 April 2022 to 12th April 2022	2022	2021
Total Income from operations (net)	12459.24	636.71	9880.93	4746.41
Net Profit/(loss) before tax and extraordinary items	1113.55	37.33	717.01	125.29
Net Profit/(loss) after tax and extraordinary items	826.74	25.67	454.01	81.61
Equity Share Capital	910.03	1,868.30	1,860.88	378.14
Reserves and Surplus	896.80	-	-	-
Net Worth (Excluding revaluation reserves)	1806.83	1868.30	1860.88	378.14
Basic Earnings per share (Rs.)	9.66	0.37	6.49	1.17
Diluted Earnings per share (Rs.)	9.66	0.37	6.49	1.17
Return on net worth (%)	45.76%	1.37%	24.40%	21.58%
Net asset value per share (Rs.)	19.85	53.38	53.17	10.80

INTERNAL RISK FACTORS

The below mentioned risks are the top 10 risk factors as per the Prospectus.

- The loss, shutdown or slowdown of operations of our facility or the under-utilization of any such facility may have a material effect on our results of operations and financial condition.*
- We have significant power requirements for continuous running of our factories. Any disruption to our operations on account of interruption in power supply or any irregular or significant hike in power tariffs may have an effect on our business, results of operations and financial condition.*
- We are dependent on Job work for manufacturing of our Products, any disruption to our operations on account of Job work may have an effect on our business, results of operations and financial condition.*
- Our business is manpower intensive and any unavailability of our employees or shortage of labour or any strikes, work stoppages, increased wage demands by workmen or changes in regulations governing hiring of labour may have an adverse impact on our cash flows and results of operations.*
- There are outstanding legal proceedings involving our Company and Group Company. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.*
- The restated financial statements have been provided by peer reviewed chartered accountants who is not statutory auditor of our Company.*
- The property used by the Company for the purpose of its operations is not owned by us. Any termination of the relevant rent agreement in connection with such property or our failure to renew the same could adversely affect our operations.*
- Our top ten customers contribute majority of our revenues from operations. Any loss of business from one or more of them may adversely affect our revenues and profitability.*
- Our top ten suppliers contribute majority of our purchases. Any loss of business with one or more of them may adversely affect our business operations and profitability.*
- We may not be able to adapt to changing market trends and customer requirements in the fashion market in a timely manner, or at all.*

For further details on 'Risk Factors' please refer page no. 22 of the Prospectus.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. Total number of outstanding litigations against the company and amount involved: NIL

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (Rs in lakhs)

Company						
By the Company	NIL	NIL	NIL	NIL	1	6.78
Against the Company	NIL	NIL	NIL	NIL	NIL	NIL
Directors						
By our directors	NIL	NIL	NIL	NIL	NIL	NIL
Against the Directors	NIL	NIL	NIL	NIL	NIL	NIL
Promoters						
By Promoters	NIL	NIL	NIL	NIL	NIL	NIL
Against Promoters	NIL	NIL	NIL	NIL	NIL	NIL

B. Brief details of top 5 material outstanding litigations against the company and amount involved: NIL

C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoters/ Group company in last 5 financial years including outstanding action: NIL

D. Brief details of outstanding criminal proceedings against Promoters: - NIL

For further details please refer page 186 to 191 of the Prospectus.

ANY OTHER IMPORTANT INFORMATION AS PER LEAD MANAGER/ COMPANY

BANKER TO THE ISSUE

HDFC BANK LIMITED

FIG-OPS Department – Lodha, I Think Techno Campus O-3 Level,

Next to Kanjurmarg Railway Station, Kanjurmarg (East)

Mumbai, Maharashtra-400042, India

Tel: +91 22 30752927/28/2914

E-mail: Siddharth.jadhav@hdfcbank.com, eric.bacha@hdfcbank.com, sachin.gawade@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Siddharth Jadhav, Eric Bacha, Sachin Gawade, Vikas Raha

SEBI Registration Number – INBI00000063

DECLARATION BY THE COMPANY

We hereby declare that, all relevant provisions of the Companies Act, 2013, the Companies Act, 1956 and the guidelines/regulations issued by the Government of India or the regulations / guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in the Prospectus is contrary to the provisions of the Companies Act, 2013, Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the statements made in the Prospectus are true and correct.