

V.V. BHALLA & COMPANY

CHARTERED ACCOUNTANTS

H.O. : SODIAN STREET, FEROZEPUR CITY.
Phone : 97796-88588

Ludhiana Off.: E-64-65, Rishi Nagar, LUDHIANA.
Phone : (O) 2301356, 2304356 (M) 98156-54356
E-mail : vvbhalla@yahoo.com
Website : www.vvbhalla.co.in

CHANDIGARH OFFICE :
SCO-371-372, 2nd Floor,
Sector 35B, Chandigarh-160036.
(M) 97790-33156

PANCHKULA OFFICE :
213-L Basement, Sector-4, Mansa Devi Complex,
Panchkula-134114. (M) : 97796-88588

MUMBAI OFFICE :
1901 B Wing, Kailas Business Park,
Hiranandani Link Road, Veer Savarkar Marg,
Vikhroli West, Mumbai-400079.
(M) 98141-33156

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To
The Board of Directors,
M/S. Madhur Knit Crafts Ltd (Formerly Known As 'Madhur Knit Crafts Private Ltd')
Village - Seera, Sattowal Road, Rahon Road, Ludhiana

Dear Sirs,

1. We have examined the attached Restated Financial Information of **Madhur Knit Crafts Limited (Formerly known as "Madhur Knit Crafts Pvt. Ltd")** ("the Company"), comprising the Restated Statement of Assets and Liabilities as at 30th June 2025, March 31, 2025, March 31, 2024 and March 31, 2023, the Restated Statement of Profit and Loss, the Restated Cash Flow Statement for three month period ended 30th June 2025 and for the years ended March 31, 2025, March 31, 2024 and March 31, 2023, the Summary Statement of Significant Accounting Policies, the Notes and other explanatory information as forming part of the Restated Financial Information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 10-10-2025 for the purpose of inclusion in the Draft Red Herring Prospectus/Red Herring Prospectus/ Prospectus ("DRHP/RHP/Prospectus") prepared by the Company in connection with its proposed SME Initial Public Offer of equity shares ("SME IPO") prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Chandigarh in connection with the proposed SME IPO. The Restated Financial Information has been prepared by the management of the Company on the basis of preparation stated in note 2(a) of the Restated Financial Information. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
3. We have examined such Restated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter in connection with the proposed SME IPO of equity shares the Company;
 - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - d) The requirements of Section 26 and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibility in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the SME IPO.



- 4 These Restated Financial Information have been compiled by the management from:
- a) the audited financial statements of the Company as at and for the three month period ended 30th June 2025 and for the year ended March 31, 2025 and March 31, 2024, prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounting Standards) Rules 2021, as amended and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meeting held on 06th Oct 2025, 2nd September 2025 and 20th September 2024; and
 - b) the audited special purpose financial statements of the Company as at and for the year ended March 31, 2023, audited by us, prepared in accordance with the basis of preparation as set out in Note 2(a) to such financial statements, which have been approved by the Board of Directors at their meeting held on 24th September, 2025

The financial statements of the Company as at and for three month period ended 30th June 2025 and for the year ended March 31, 2025 and March 31, 2024 have been audited by us and the financial statements as at and for the year ended March 31, 2023 have been audited by previous auditors. We have audited the special purpose financial statements of the Company as at and for the year ended March 31, 2023 prepared by the Company in accordance with the basis of preparation as set out in Note 2(a) to such financial statements for the limited purpose of preparation of restated financial information as the management informed to us that it would not be possible to get examination report for the said year from the previous auditor.

- 5 For the purpose of our examination, we have relied on (i) Auditors' reports issued by us dated 06-10-2025, 2nd September 2025 and 20th September 2024 on the audited financial statements of the Company as at and for three month period ended 30th June 2025 and for the year ended March 31, 2025 and March 31, 2024 as referred in Paragraph 4(a) above (ii) Auditors' report issued by us dated 24th September 2025 on the audited special purpose financial statements of the Company as at and for the year ended March 31, 2023 as referred in Paragraph 4(b) above.
- 6 Based on our examination and according to the information and explanations given to us, we report that :
- a) the Restated Financial Information has been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively, if any, in the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed for the three month period ended 30th June 2025 ;
 - b) there are no qualifications in the underlying auditors' reports in respect of audited financial statements and audited special purpose financial statements as stated in paragraph 5 above, which requires any adjustment to the Restated Financial Information ; and
 - c) the Restated Financial Information has been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Director of the Company and annexed to this report relating to the Company for the financial period/year ended on 31st March 2023, 31st March 2024, and 31st March 2025 and for three month period ended 30th June 2025 proposed to be included in the Draft Red Herring

- 7 Prospectus/ Red Herring Prospectus / Prospectus ("Offer Document").

Note No.	Particulars
1	Corporate Information
2	Significant Accounting Policies
3	Share Capital
4	Reserve And Surplus
5	Long Term Borrowings
6	Deferred Tax Liabilities
7	Short Term Borrowings
8	Trade Payables
9	Other Current Liabilities
10	Provisions
11	Property, Plant & Equipments & Intangible Assets
12	Long Term Loans And Advances
13	Other Non Current Assets
14	Inventories
15	Trade Receivables
16	Cash And Bank Balances
17	Short Term Loans And Advances
18	Other Current Assets
19	Revenue From Operations
20	Other Income



21	Cost Of Material Consumed
22	Purchase Of Stock In Trade
23	Changes In Inventories Of Finished Goods, Work In Progress
24	Employee Benefit Expenses
25	Finance Costs
26	Other Expenses
27	Earnings Per Share
28	Value Of Import Calculated On C.I.F Basis
29	Expenditure And Income In Foreign Currency
30	Consumption Of Imported/Indigenous Consumption To Toal Consumption
31	Contingent Liabilities And Commitments (To The Extent Not Provided For)
32	Related Party Disclosures
33	Auditor And Director Remuneration
34	Statement Of Accounting Ratios
35	Disclosures related to MSME Enterprises
36	Segment Reporting
37	Leases
38	Foreign Currency Exposure
39	Other Statutory Reporting
40	Material Groupings
	Reconciliation Of Profit/(Loss) After Tax As Per Audited Financial
41	Statements And Profit/(Loss) After Tax As Per The Restated Financial Information
42	Employee Benefit Plans
43	Statement Of Taxation
44	Statement Of Capitalisation

- 8 The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.
- 9 This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 10 We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- 11 Our report is intended solely for use of the Board of Directors for inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Chandigarh in connection with the proposed SME IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Place : Ludhiana
Date: 10/10/2025

