



K F L Karnavati Finance Limited

CIN : L65910MH1984PLC034724

Administrative & Corporate Office : "Vraj", 5th Floor, Near Teen Batti, Limda Lane, Jamnagar - 361001 (Gujarat) INDIA
Phone : 0288 2673759, Fax No. 0288 2663042, Mo : +91 99045 61000 E-mail ID : karnavatifinance@gmail.com

Date: August 28, 2019

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

Dear Sir/Madam,

Sub: Submission of copy of 35th Annual Report for the Financial Year 2018-19


Ref: Karnavati Finance Limited (Security Id/Code: KARNAVATI/538928)

With reference to the subject cited above, we hereby submit the copy of 35th Annual Report of the company for financial year 2018-19.

Kindly take the same in your records and oblige us.

Thanking you

For, Karnavati Finance Limited


X Raman Morzaria
Whole Time Director
DIN: 00203310



Registered Office :

705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West) Mumbai - 400064
Phone : 022 28809111 Website : www.karnavatifinancelimited.com



KARNAVATI FINANCE LIMITED

35th

**ANNUAL REPORT
2018 - 2019**

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CORPORATE INFORMATION

KARNAVATI FINANCE LIMITED (CIN: L65910MH1984PLC034724)

REGISTERED OFFICE

705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064, Maharashtra.

Contact No. : 022 28809111

CORPORATE OFFICE

"Vraj", 05th Floor, Opp. Hotel President, Near Bhumi Press, Limda Lane, Jamnagar-361001, Gujarat.

Contact No. : 0288 2663042

E-Mail ID: karnavatifinance@gmail.com

Website : www.karnavatifinancelimited.com

BOARD OF DIRECTORS

Name	(DIN)	Designation
Mr. Jay Morzaria	02338864	Managing Director
Mr. Raman Morzaria	00203310	Whole-Time Director
Mr. Jay Somaiya (up to October 18, 2018)	06933178	Non-Executive (Independent) Director
Ms. Hardika Mandavia (up to August 13, 2018)	05115162	Non-Executive (Independent) Director
Mrs. Brimda Bilimoria (w.e.f. August 13, 2018)	08196034	Non-Executive (Independent) Director
Mr. Parth Maniar (w.e.f. September 20, 2018)	07980886	Non-Executive (Independent) Director

KEY MANAGERIAL PERSONNEL

Name	Designation	Name	Designation
Mr. Kush Morzaria	Chief Financial Officer	Mr. Parth Maniar	Chairperson
Ms. Nitixa Ramanuj	Company Secretary & Compliance Officer	Mrs. Brimda Bilimoria	Member
		Mr. Jay Morzaria	Member

AUDIT COMMITTEE

STAKEHOLDER'S RELATIONSHIP COMMITTEE

Name	Designation	Name	Designation
Mr. Parth Maniar	Chairperson	Mr. Parth Maniar	Chairperson
Mrs. Brimda Bilimoria	Member	Mrs. Brimda Bilimoria	Member
Mr. Jay Morzaria	Member	Mr. Jay Morzaria	Member

NOMINATION & REMUNERATION COMMITTEE

AUDITORS

Statutory Auditor	Internal Auditor	Secretarial Auditor
M/S. Doshi Maru & Associates Chartered Accountant Office No. 10, Vihang Vihar, Opp. Gautam Park, Panchpakhdi, Thane (West) - 400602 Mail ID: bhiwandi.dma@gmail.com Contact No. 022 25452965	M/S. Suresh Tejwani & Co. 109, 110 City Arcade, Near D.S.P. Bungalow, Tin Batti-361001, Jamnagar-361001, Gujarat. Mail ID: suresh.tejwani@gmail.com Contact No. : 0288 2556368	Ms. Payal Dhamecha Practicing Company Secretary S/1, 2 nd Floor, Olway House, Nr. Navneet House, Gurukul, Ahmedabad - 380 052 Mail ID: payald1314@gmail.com Contact No. : 082383 28985

REGISTRAR & SHARE TRANSFER AGENT

Satellite Corporate Services Private Limited
Unit No. 2, Building No. 13 A-B, 2nd Floor,
Samhita Commercial Co-Op. Soc. Limited,
Off. Andheri Kurla Road, MTNL Lane,
Sakinaka, Mumbai-400072
E-Mail ID : service@satellitecorporate.com
Contact No. : 022 28520461

BANKERS

Corporation Bank
Address: Manek Centre, Nehru Marg, Jamnagar-361001,
Gujarat.

DIRECTOR'S REPORT

To,

The Shareholders,

The directors have the pleasure in presenting 35th Annual Report of Your Company with the Audited Financial Statements of the Company for the financial year ended on March 31, 2019.

FINANCIAL RESULTS

(Amount in Rupees)

Particulars	F.Y. 2018-19	F.Y. 2017-18
Revenue From Operations	3,24,01,510	2,01,97,475
Other operation Income	-	6,60,551
Total Revenue	3,24,01,510	2,08,58,026
Less: Total Expenses before Depreciation, Finance Cost & Tax	66,25,259	55,50,400
Operating Profits before Depreciation, Finance Cost & Tax	2,57,76,251	1,53,07,626
Less: Depreciation	1,44,796	2,06,397
Finance cost	1,57,63,274	67,87,853
Profit/(Loss) Before Tax	98,68,181	83,13,376
Less: Current Tax	26,54,325	21,24,948
Less: Deferred Tax Liability (Assets)	(8,319)	(25,083)
Profit/(Loss) after Tax	72,22,175	62,13,511

YEAR AT A GLANCE**Financial Performance**

During the financial year 2018-19, The Company has earned total income of ₹ 3,24,01,510 from business activities as compared to ₹ 2,08,58,026 in previous year. The total revenue of the company is increased by 55.00%.

During the financial year 2018-19, total 2 loan accounts were written off amounting to ₹ 1,08,148 as the same was 100.00% bad debt, further the company has written off the interest amounting to ₹ 7,774.

The total Profit before tax for the financial year 2018-19 stood at ₹ 98,68,181 and the total net profit after tax for the financial year 2018-19 stood at ₹ 72,22,175. Due to increase in business operations, our finance cost and employment expenses increased to ₹ 1,57,63,274 and 27,84,891 respectively.

The Directors of the Company are planning to expand the business of the Company in areas of providing loan against securities and opening of FFMC branches in various cities in the current year and thus confident of presenting the better figures in the coming years.

Dividend

To conserve resources for future prospect and growth of the Company, your Directors regret to declare Dividend for the Financial Year 2018-19 (Previous year - Nil).

Net Profit Transfer to Reserve

The Company has transferred ₹ 14,44,435 to Statutory Reserve Fund in terms of Section 45-1C of the Reserve Bank of India Act, 1934.

Change in Nature of Business

During the year, your Company has not changed its business or object and continues to be in the same line of business as per main object of the Company.

Review of Business Operations & Future Prospects

The directors have taken various actions so as to expand the business of the company and they are in process of opening various branched of FFMC in the state of Gujarat as well as Maharashtra for expanding the activities of Full Fledged Money Changing in coming years. Further, they are also planning to open various branches of the company for the purpose of expanding the business of financing including personal financing and lending against securities thereby increasing the overall business of the company in a near future.

SHARE CAPITAL

During the year under review, the company has not issued any shares including equity shares, shares with differential voting rights, stock options, sweat equity etc. The company has not bought back any equity shares during the year 2018-19.

The paid up share capital of the company as on March 31, 2019 was ₹ 10.05 crores.

Dematerialization of Shares

The Company has entered into Tripartite Agreement with the depositories, National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) for providing Demat facility to its Shareholders. For this purpose, the company has appointed Satellite Corporate Services Private Limited, as its registrar and Share Transfer Agent.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**Constitution of Board**

The Constitution of the Board of Directors and other disclosure of the Board of Directors are given in the Corporate Governance Report.

Board Meeting

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are generally held at registered office of the Company.

During the year under review, Board of Directors of the Company met 05 (Five) times viz., May 28, 2018, August 13, 2018, October 18, 2018, November 13, 2018, and February 13, 2019, respectively.

The details of attendance of each Director at the Board Meeting and Annual General Meeting are given in the Corporate Governance Report.

Independent Directors

In terms of Section 149 of the Companies Act, 2013 and rules made there under and Listing Regulations, the Company has two Non-Promoter Independent Directors. In the opinion of the Board of Directors, both the Independent Directors of the Company meet all the criteria mandated by Section 149 of the Companies Act, 2013 and rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are Independent of Management.

A separate meeting of Independent Directors was held on February 13, 2019 to review the performance of Non-Independent Directors and Board as whole and performance of Chairperson of the Company including assessment of quality, quantity and timeliness of flow of information between Company management and Board that is necessary for the board of directors to effectively and reasonably perform their duties.

The terms and conditions of appointment of Independent Directors and Code for Independent Director are incorporated on the website of the Company at www.karnavatifinancelimited.com.

The Company has received a declaration from the Independent Directors of the Company under Section 149(7) of Companies Act, 2013 confirming that they meet criteria of Independence as per relevant provisions of Companies Act, 2013 for financial year 2019-2020. The Board of Directors of the Company has taken on record the said declarations and confirmation as submitted by the Independent Directors after undertaking due assessment of the veracity of the same. In the opinion of the Board, they fulfill the conditions for re-appointment as Independent Directors and are independent of the Management.

During the financial year 2018-19, Ms. Hardika Hasmukh Mandavia and Mr. Jay Ketan Somaiya, Independent Directors of the Company tendered their resignation w.e.f. August 13, 2018 and October 18, 2018 due to their inability to devote time to the affairs of the Company. The Board places their appreciation for the service rendered by them during their tenure as Independent Directors of the Company.

Information on Directorate

During the financial year 2018-19, Ms. Hardika Hasmukh Mandavia and Mr. Jay Ketan Somaiya, Independent Directors of the Company tendered their resignation w.e.f. August 13, 2018 and October 18, 2018 due to their inability to devote time to the affairs of the Company. The Board places their appreciation for the service rendered by them during their tenure as Independent Directors of the Company.

As a replacement of Ms. Hardika Hasmukh Mandavia, the Board of Directors, in their meeting held on August 13, 2018, has appointed Mrs. Brimda Minoobhai Bilimoria as Additional (Non-Executive Independent) Director who later on regularized by the Members of the Company at their 34th Annual General Meeting and she was appointed as Independent Director of the Company for a period up to August 12, 2023.

Moreover, pursuant to notice received under section 160(1) proposing the name of Mr. Parth Chandreshbhai Maniar, as a Non-Executive Independent Director on the board, the Members of the Company have appointed Mr. Parth Chandreshbhai Maniar as a Non-Executive Independent Director of the Company for a term of 5 (five) consecutive years, that is, up to thirty ninth Annual General Meeting.

Further, the Board of Directors at its meeting held on June 28, 2019, on the recommendation of Nomination and Remuneration Committee, re-appointed Mr. Jay Morzaria as Chairman and Managing Director and Mr. Raman Morzaria as Whole-Time Director for a period of five (5) years w.e.f. July 1, 2019, subject to approval of members at the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act, 2013, Mr. Raman Morzaria, Whole-Time Director of the Company retires by rotation at the ensuing annual general meeting. He, being eligible, has offered himself for re-appointment as such and seeks re-appointment. The Board of Directors recommends his appointment on the Board.

The relevant details, as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards-2 issued by ICSI, of the person seeking appointment/re-appointment as Directors are annexed to the Notice convening the thirty fifth annual general meeting.

Key Managerial Personnel

In accordance with Section 203 of the Companies Act, 2013, the Company has already appointed Mr. Jay Morzaria as Chairman and Managing Director of the Company, Mr. Kush Morzaria as Chief Financial Officer and Ms. Nitixaben Ramanuj as Company Secretary of the Company. Further, there was no change in the Key Managerial Personnel of the Company during the financial year 2018-19, except re-appointment of Mr. Jay Morzaria as Chairman and Managing Director of the Company.

Performance Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the following manners;

- The performance of the board was evaluated by the board, after seeking inputs from all the directors, on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.
- The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.
- The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.
- In addition, the chairman was also evaluated on the key aspects of his role.

Separate meeting of independent directors was held to evaluate the performance of non-independent directors, performance of the board as a whole and performance of the chairman, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Director's Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) In preparation of annual accounts for the year ended March 31, 2019, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the year ended March 31, 2019 on going concern basis.
- e) The Directors had laid down the internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMMITTEES OF BOARD

The Board of Directors, in line with the requirement of the act and Listing Regulations, has formed various committees, details of which are given hereunder.

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholder's Grievance & Relationship Committee

The composition of each of the above Committees, their respective role and responsibility are detailed in the Report of Corporate Governance annexed to this Report.

Audit Committee

The Company has formed audit committee in line with the provisions Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As at March 31, 2019, the Audit Committee comprised Mr. Parth Maniar (Non-Executive Independent) as Chairperson and Mrs. Brimda Bilimoria (Non-Executive Independent) and Mr. Jay Morzaria (Executive) as Members. Details on dates of meetings and attendance of Members are detailed in the Report of Corporate Governance annexed to this Report.

Recommendations of Audit Committee, wherever/whenever given, have been accepted by the Board of Directors.

Vigil Mechanism

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at <http://www.karnavatifinancelimited.com/files/whistleblowerpolicy.pdf>.

Nomination and Remuneration Policy

Nomination and Remuneration Policy in the Company is designed to create a high performance culture. It enables the Company to attract motivated and retained manpower in competitive market, and to harmonize the aspirations of human resources consistent with the goals of the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors and Key Managerial Personnel. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

The Nomination and Remuneration Policy, as adopted by the Board of Directors, is placed on the website of the Company at <http://karnavatifinancelimited.com/files/NRC-Applicable-01.04.2019.pdf> and is annexed to this Report as **Annexure - A**.

Remuneration of Directors

The details of remuneration/sitting fees paid during the financial year 2018-19 to Executive Directors/Directors of the Company is provided in Form MGT-9 and Report on Corporate Governance which are the part of this report.

During the year under review, the non-executive directors of the company had no pecuniary relationship or transaction with the company.

DEPOSITS

The company being Non-Deposit accepting Non-Banking Finance Company has not accepted any deposits from the public. Hence, the directives issued by the Reserve Bank of India & the Provision of Section 73 to 76 of the Company Act, 2013 or any other relevant provisions of the Act and the Rules there under are not applicable. Moreover, the Company is not holding any Deposit as at the financial year ended on March 31, 2019.

PARTICULARS OF CONTRACTS OR ARRANGEMENT MADE WITH RELATED PARTY

All transactions to be entered by the Company with related parties will be in the ordinary course of business and on an arm's length basis. However, there were also one transaction which were not on arms' length basis. The detail of transaction entered with related parties is annexed to this Report as **Annexure - B**.

There was no contracts, arrangements or transactions which was executed not in ordinary course of business and/or at arm's length basis.

Further, there were no related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

Members may refer to the notes to the accounts for details of related party transactions entered as per Indian Accounting Standard - 24. The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the SEBI LODR Regulations.

The Policy on Materiality of and dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website and can be accessed at the Web-link: <http://www.karnavatifinancelimited.com/files/Related-Party-Transaction-Policy.pdf>.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**A. Conservation of energy -**

- i.) **The steps taken or impact on conservation of energy:** Company ensures that the operations are conducted in the manner whereby optimum utilisation and maximum possible savings of energy is achieved.
- ii.) **The steps taken by the Company for utilizing alternate sources of energy:** No alternate source has been adopted.
- iii.) **The capital investment on energy conservation equipment:** No specific investment has been made in reduction in energy consumption.

B. Technology absorption -

- i.) **The effort made towards technology absorption:** Not Applicable.
- ii.) **The benefit derived like product improvement, cost reduction, product development or import substitution:** Not Applicable
- iii.) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -**
 - a. **The details of technology imported:** Nil.
 - b. **The year of import:** Not Applicable.
 - c. **Whether the technology has been fully absorbed:** Not Applicable.
 - d. **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:** Not Applicable.
- iv.) **The expenditure incurred on Research and Development:** Nil

C. Foreign Exchange Earnings & Expenditure:

- i.) **Details of Foreign Exchange Earnings:** Nil
- ii.) **Details of Foreign Exchange Expenditure:** Nil

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 the extract of the Annual Return as at March 31, 2019 in Form MGT-9 is annexed to this Report as Annexure - C.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees, Investments and Security covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

PARTICULAR OF EMPLOYEES

The ratio of the remuneration of each whole-time director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as Annexure - D.

The statement containing top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to members excluding this annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to Company Secretary.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

During the year under review, the company has appointed M/S Suresh Tejawani & Co, as an Internal Auditor to look after the internal financial control and their adequacy.

The details on Internal Financial Control and their adequacy are provided in Management Discussion and Analysis Report forming part of Annual Report 2018-19.

MATERIAL CHANGES & COMMITMENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of this report.

Note: For better transparency, accountability and for good governance of listed entity, Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) had mandated certain disclosure by listed entity in a stipulated time frame. So, in line with the said circular company had made necessary compliances as required by SEBI and RBI to be compliant company in letter as well spirit too.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the Company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land where we operate. The Company has setup an Internal Complaints Committee (ICC) for redressal of Complaints.

During the financial year 2018-2019, the Company has received Nil complaints on sexual harassment, out of which Nil complaints have been disposed of and Nil complaints remained pending as of March 31, 2019.

NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

There is no subsidiary, joint venture or associate company as on March 31, 2019 and hence the same is not applicable to the company.

RISK MANAGEMENT POLICY

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. All the Board of Directors and designated employees have confirmed compliance with the Code.

Note: During the year under review the company has approved and adopted new set of policies namely, code of conduct for prohibition of Insider Trading and policy on Disclosure of Unpublished Price Sensitive Information which is effective from April 01, 2019 and hosted the same on the website of company i.e. on www.karnavatifinancelimited.com.

CORPORATE GOVERNANCE

Your Company strives to incorporate the appropriate standards for corporate governance. As stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Report on Corporate Governance and Certificate of the Practicing Company Secretary with regards to compliance with the conditions of Corporate Governance is annexed to the Board's Report as Annexure - E.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

MAINTENANCE OF COST RECORD

Since the company is not falling under prescribed class of Companies, our Company is not required to maintain cost record.

STATUTORY AUDITOR & THEIR REPORT

In terms of provisions of section 139 of the companies act, 2013 and companies (Audit and Auditors) Rules, 2014, M/s. Doshi Maru & Associates were appointed as a statutory auditor of the company in 34th AGM for a period of 5 years till the conclusion of 39th AGM of the company subject to ratification of their appointment at every annual general meeting. However, in terms of provisions of companies Act (Amendments), 2017, the requirement for ratification of the auditors at every annual general meeting has been dispensed with.

The notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Further the Auditor's Report does not contain any qualification, reservation or adverse remark that requires clarification or justification.

Reporting of frauds by auditors

During the year under review, neither the statutory auditor nor the secretarial auditor has reported to the audit committee, under section 143 (12) of the Companies Act, 2013 any instances of fraud committed against the company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

SECRETARIAL AUDITOR & THEIR REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Payal Dhamecha, Practicing Company Secretary, Ahmedabad to carry out the Secretarial Audit for the financial year ended on March 31, 2019. Secretarial Audit Report is annexed to the Board's Report as Annexure - F-1.

Further, as per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and necessary amendments thereto, every listed entity and its material unlisted subsidiaries incorporated in India is required to submit Annual Secretarial Compliance Report to the concern stock exchange within 60 days from the closure of respective financial year regarding the status of compliances done by the listed entity as prescribed under SEBI (LODR) Regulations, 2015.

For, compliance of Regulation 24A of SEBI (LODR) Regulations, 2015, the company has appointed Mr. Anand Lavingia, Practicing Company Secretary for the purpose of availing Annual Secretarial Compliance Report and submitted the same with BSE Limited and the copy of the same is annexed to the Board's Report as Annexure - F-2.

Secretarial Standard

The company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

GENERAL DISCLOSURE

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details of Annual Report on Corporate Social Responsibility as Company is not falling within the criteria as prescribed u/s 135 of the Companies Act, 2013
2. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme and ESOS.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

APPRECIATIONS AND ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record the valuable co-operation and support extended by the banks, government, business associates and the shareholders for their continued confidence reposed in the Company and look forward to having the same support in all future endeavors.

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar
Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

NOMINATION & REMUNERATION POLICY

1. Preface:

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the "Act") and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the "SEBI Listing Regulations"), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

Karnavati Finance Limited ("the Company"), in order to attract motivated and retained manpower in competitive market, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Regulations and Disclosure Requirements) Regulation, 2015 as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

2. Objective:

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the "Committee") had formulated this policy (the "Policy").

The Key Objectives of the Nomination and Remuneration Policy would be:

- A. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the "Board"), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees.
- B. To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- C. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- D. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- E. To devise a Policy on Board Diversity.
- F. To develop a succession plan for the Board and to regularly review the plan.
- G. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

3. Definition:

- a) "Act" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b) "Board" means Board of Directors of the Company.
- c) "Director" means Directors of the Company.
- d) "Committee" means the Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board.
- e) "Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013.
- f) "Key Managerial Personnel" means:
 - i. Executive Chairman or Chief Executive Officer and/or Managing Director;
 - ii. Wholetime Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed
- g) "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Policy on Appointment and removal of Directors, KMPs and Senior Management:**1) Appointment criteria and qualifications:**

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

2) Tenure of Employment:**a) Managing Director/Whole-time Director/ Executive Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

b) Independent Director:

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

c) Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly). The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The evaluation of independent directors shall be done by the entire board of directors which shall include -

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their Independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

d) Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

e) Retirement:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. Policy on remuneration of Director, KMP and Senior Management Personnel:

- i. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

1) Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel;

- i. The Whole-time / Executive / Managing Director / KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.
- ii. Minimum Remuneration:
If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- iii. Provisions for excess remuneration:
If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

2) Remuneration to Non- Executive / Independent Director:

- i. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

- ii. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

- iii. Limit of Remuneration/Commission:

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

- iv. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

6. Membership:

- a) The Committee shall comprise of at least (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- c) The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).
- d) Membership of the Committee shall be disclosed in the Annual Report.

e) Term of the Committee shall be continued unless terminated by the Board of Directors.

7. Chairperson:

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

8. Frequency of Meetings:

The Nomination and Remuneration Committee shall meet at least once a year.

9. Committee Members' interests:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. Secretary:

The Company Secretary of the Company shall act as Secretary of the Committee.

11. Duties of the Nomination & Remuneration Committee:

Duties with respect to Nomination:

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to recommend and approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board.

12. Minutes of Committee Meeting:

Proceedings of all Meetings must be minuted and signed by the Chairperson of the Committee at the subsequent Meeting. Minutes of the Committee Meetings will be tabled at the subsequent Board and Committee Meeting.

13. Deviations from this Policy:

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

14. Amendment:

This updated policy shall be effective from April 1, 2019.

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

FORM NO. AOC 2

Particulars of Contracts/arrangements made with related parties

(Pursuant to section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Forms for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

A. Details of Contracts or arrangements or transactions not at arm's length basis:

Particulars	RPT-1	RPT-2
Name(s) of the related party and nature of the relationship	Mr. Raman Morzaria, Whole-Time Director of the company	Mr. Jay Morzaria, Managing Director of the company
Nature of Contracts/ Arrangements/ Transactions	Leave and License Agreement (Payment of Rent Amount)	Payment of Interest Amount
Duration of the contracts/arrangements/ transactions	November 1, 2017 to October 31, 2020	F.Y. 2018-19
Salient terms of the Contracts or arrangements or transactions including the value, if any	The agreement was entered into between the company and Mr. Raman Morzaria, owner of the property. As per the terms and conditions of agreement; the company shall pay monthly Rent of ₹ 50,000/- from November 01, 2017 onwards for the remaining period of agreement to Raman Morzaria. (The Board of the company in its board meeting held on November 01, 2017 approved the revision in rent)	The transactions were entered into between the company and Mr. Jay Morzaria, Managing Director of the company. As per the terms of mutual understating between board of directors and Mr. Jay Morzaria; the company shall pay monthly Interest at @ 7% on the loan amount given by Mr. Jay Morzaria from time to time till the final repayment of all outstanding dues to him.
Justification for entering into transactions	The company's majority operations are carried out from its corporate office situated at Jamnagar and the same is owned by one of the promoter director of the company and therefore, the company has obtained the said office on leave and license basis.	The company is engaged in the business of financing, so for smooth functioning of operation of companies business, company requires more funding for further lending the same to its customers and thereby increasing its business activities. So, during the year under review company has taken total loan of ₹ 5,45,66,592/- From Mr. Jay Morzaria - Managing director of the company and repays the amount of ₹ 4,80,20,774/- To him at the end of financial year. During the year company has paid total Interest of ₹ 6, 66,592/- to him.
Date of approval by the board	November 01, 2017 & May 28, 2018	May 28, 2018
Amount paid as advance, if any	N.A.	N.A.
Date on which the resolution was passed in general meeting as required under first proviso to section 188	N.A.	N.A.

B. Details of Material Contracts or arrangements or transactions at arm's length basis:

Particulars	RPT-1	RPT-2
Name(s) of the related party and nature of the relationship	Mr. Raman Morzaria, Whole-Time Director of the company	Mr. Kush Morzaria, Chief Financial Officer of the company
Nature of Contracts/ Arrangements/ Transactions	Payment of Interest Amount	Payment of Salary
Duration of the contracts/arrangements/ transactions	F.Y. 2018-19	F.Y. 2018-19
Salient terms of the Contracts or arrangements or	The transactions were entered into between the company and Mr. Raman Morzaria, Whole-Time Director of the company. As per the terms of mutual understating between board of directors and Mr. Raman Morzaria; the company shall pay	The company has appointed Mr. Kush Morzaria as Chief Financial Officer of the company as required under section 203 of the companies act, 2013.

Particulars	RPT-1	RPT-2
transactions including the value, if any	monthly Interest at @ 9% on the loan amount given by Mr. Raman Morzaria from time to time till the final repayment of all outstanding dues to him.	The company is paying salary of Rupees 25000/- to him.
Justification for entering into transactions	The company is engaged in the business of financing, so for smooth functioning of operation of companies business, company requires more funding for further lending the same to its customers and thereby increasing its business activities. So, during the year under review company has taken total loan of ₹ 1,84,63,926/- From Mr. Raman Morzaria -whole-time director of the company and repays the amount of ₹ 1,25,52,110/- To him at the end of financial year. During the year company has paid total Interest of ₹ 5,85,103/- to him.	As per section 203 of Companies Act, 2013, company must have to appoint a Chief Financial Officer, So according to that company has appointed Mr. Kush Morzaria who has adequate qualification and experience in this regards; as Chief Financial Officer to hold the position of Key Managerial Officer of the company.
Date of approval by the board, if any	May 28, 2018	May 28, 2018
Amount paid as advance, if any	N.A.	N.A.

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar
Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

FORM MGT - 9 - EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1) Registration and Other Details:

CIN	:	L65910MH1984PLC034724
Registration Date	:	December 5, 1984
Name of the Company	:	Karnavati Finance Limited
Category / Sub-Category of the Company	:	Public Company limited by shares/ Indian Non-Government Company
Address of the Registered Office and contact details	:	705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064; Tel : +91-22- 28809111; Email: karnavatifinance@gmail.com; Web: www.karnavatifinancelimited.com
Whether listed Company	:	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	:	Satellite Corporate Services Private Limited Unit No. 49, Bldg No. 13 A-B, 02nd Floor, Samhita Commercial Co-Op. Soc. Ltd., Off Andheri Kurla Road, MTNL Lane, Sakinaka, Mumbai - 400 072 Tel: +91-22- 28520461/462; Fax: +91-22- 28511809 Email Id: service@satellitecorporate.com; Website: www.satellitecorporate.com

2) Principal Business Activity of the Company: All the business activities contributing 10% or more of the total turnover of the Company shall be stated.

Name and Description of main Products / Services	NIC Code of the Product / Service	% to total turnover of the Company
Finance Charges	64990 (Other financial service activities, except insurance and pension funding)	100.00%

3) Particulars of Holding, Subsidiary and Associate Companies:

SR. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
N.A.					

4) Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity):

I. Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of year				No. of Shares held at the end of year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5797900	-	5797900	57.69	5859408	-	5859408	58.30	0.61
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	23900	-	23900	0.24	23900	-	23900	0.24	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	5821800	-	5821800	57.93	5883308	-	5883308	58.54	0.61
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of year				No. of Shares held at the end of year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	5821800	-	5821800	57.93	5883308	-	5883308	58.54	0.61
B. Public Share Holding									
(1) Institutions									
a) Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Company	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institution									
a) Bodies Corporate									
i. Indian	173887	-	173887	1.73	162625	-	162625	1.62	(0.11)
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	63092	700	63793	0.63	76238	600	76838	0.76	0.13
i. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	2429754	360000	2789754	27.76	2224770	210000	2434770	24.23	(3.53)
c) Others (specify)									
NRI (Reparable/Non Reparable basis)	1000	-	1000	0.01	1000	-	1000	0.01	-
LLP	-	-	-	-	375128	-	375128	3.73	3.73
HUF	1109767	90000	1199767	11.94	1025986	90000	1115986	11.10	(0.84)
Clearing Members	-	-	-	-	345	-	345	0.00	0.00
Sub-Total (B)(2):	3777500	450700	4228200	42.07	3866092	300600	4166692	41.46	(0.61)
Total Public Shareholding (B)=(B)(1)+(B)(2)	3777500	450700	4228200	42.07	3866092	300600	4166692	41.46	(0.61)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	9599300	450700	10050000	100.00	9749400	300600	10050000	100.00	0.00

II. Shareholding of Promoters & Promoters Group:

Name	Shareholding at beginning of year		Date wise Increase/ Decrease in Shareholding			Cumulative Shareholding during the year		Shareholding at end of year		% change in shareholding during the year
	No. of Share	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Share	% of total shares of the Company	No. of Share	% of total shares of the Company	
Raman P Morzaria	2867700	28.53	21-02-19	10000	Buy	2877700	28.63	2929208	29.15	0.61
			25-02-19	30758	Buy	2908458	28.94			
			26-02-19	10450	Buy	2918908	29.04			
			27-02-19	10300	Buy	2929208	29.15			
Jay R Morzaria	1157350	11.52	-	-	-	-	-	1157350	11.52	-
Kush Ramanbhai Morzaria	1478850	14.71	-	-	-	-	-	1478850	14.71	-
Daxaben R Morzaria	294000	2.93	-	-	-	-	-	294000	2.93	-
Midas Impex Pvt Ltd	23900	0.24	-	-	-	-	-	23900	0.24	-

Notes:

- The above mentioned date was taken on the basis of Contract note as was given by the director of the company.
- No Equity Shares have been pledged or encumbered by any of the Shareholders belonging to Promoter of Promotes' Group.

III. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name	Shareholding at beginning of year		Date wise Increase/Decrease in Shareholding*			Cumulative Shareholding during the year		Shareholding at end of year	
	No. of Share	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	No. of Share	% of total shares of the Company	No. of Share	% of total shares of the Company
Maheshkumar Kantilal Shah	423750	4.22	-	-	-	-	-	423750	4.22
Theeta Trading LLP	-	-	20-07-18	375128	Buy	375128	3.73	375128	3.73
Nikhil M Shah HUF	423750	4.22	01-03-19	-50000	Sell	373750	3.72	373750	3.72
Mr. Dilip Bhagat	150000	1.49	-	-	-	-	-	150000	1.49
NNM Securities Private Limited	130000	1.29	-	-	-	-	-	130000	1.29
Mr. Mitesh Lavti	120000	1.19	01-03-19	-10000	Sell	110000	1.09	110000	1.09
Mr. Ashok Lavti	120000	1.19	04-01-19	-120000	Sell	-	-	120000	1.19
			11-01-19	120000	Buy	120000	1.19		
Mr. Prakash Lavti	100000	1.00	04-01-19	-100000	Sell	-	-	100000	1.00
			11-01-19	100000	Buy	100000	1.00		
Sheetal Chetan Tanna	100000	1.00	-	-	-	-	-	100000	1.00
Chetan Manilal Tanna	100000	1.00	-	-	-	-	-	100000	1.00
Jayshree Manish Tanna	100000	1.00	-	-	-	-	-	100000	1.00
Manish Manilal Tanna	100000	1.00	-	-	-	-	-	100000	1.00

Name	Shareholding at beginning of year		Date wise Increase/Decrease in Shareholding*			Cumulative Shareholding during the year		Shareholding at end of year	
	No. of Share	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of Share	% of total shares of the Company	No. of Share	% of total shares of the Company
Mr. Jamanbhai Faldu	90000	0.90	-	-	-	-	-	90000	0.90
M/s. Jamanbhai Faldu HUF	90000	0.90	-	-	-	-	-	90000	0.90
Mr. Paras Varia	90000	0.90	-	-	-	-	-	90000	0.90
Mr. Bhagwatilal Lavti	90000	0.90	04-01-19	-90000	Sell	-	-	90000	0.90
			11-01-19	90000	Buy	90000	0.90		
Mr. Divyesh Shah	80000	0.80	30-06-18	-80000	Sell	-	-	-	-
Ms. Hetal Faldu	80000	0.80	-	-	-	-	-	-	-
Mr. Navneetbhai Varia	80000	0.80	06-07-18	-80000	Sell	-	-	-	-
Ms. Kalpanaben Patel	80000	0.80	-	-	-	-	-	-	-

* The trading in the shares of the Company took place on almost daily basis, therefore the date wise increase/ decrease in Shareholding of top ten Shareholders are taken on the basis of weekly BenPoze.

IV. Shareholding of Directors and Key Managerial Personnel:

Name	Shareholding at beginning of year		Date wise Increase/Decrease in Shareholding*			Cumulative Shareholding during the year		Shareholding at end of year	
	No. of Share	% of total shares of the Company	Date	Increase/Decrease in shareholding	Reason	No. of Share	% of total shares of the Company	No. of Share	% of total shares of the Company
Mr. Jay R Morzaria	1157350	11.52	-	-	-	-	-	1157350	11.52
Mr. Raman P Morzaria	2867700	28.53	21-02-19	10000	Buy	2877700	28.63	2929208	29.15
			25-02-19	30758	Buy	2908458	28.94		
			26-02-19	10450	Buy	2918908	29.04		
			27-02-19	10300	Buy	2929208	29.15		
Mr. Parth Maniar	-	-	-	-	-	-	-	-	-
Mrs. Brimda Bilimoria	-	-	-	-	-	-	-	-	-
Mr. Kush Morzaria	1478850	14.71	-	-	-	-	-	1478850	14.71
Ms. Nitixa Ramanuj	-	-	-	-	-	-	-	-	-

Note: The above mentioned date was taken on the basis of Contract note as was given by the director of the company. Further, no transactions have been executed by any other Directors and Key Managerial Personnel based on weekly BenPose of the Company and confirmation given by them.

5) Indebtedness (Rupees)

(Amount in

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
A. Indebtedness at the beginning of the financial year				
i) Principal Amount	-	14,51,74,836	-	14,51,74,836
ii) Interest due but not paid	-	22,60,422	-	22,60,422
iii) Interest accrued but not due	-	-	-	-

Total A (i+ii+iii)	-	14,74,35,258	-	14,74,35,258
B. Change in Indebtedness during the financial year				
Additions	-	1,28,57,634	-	1,28,57,634
Reduction	-	-	-	-
Net Change B	-	1,28,57,634	-	1,28,57,634
C. Indebtedness at the end of the financial year				
i) Principal Amount	-	16,02,92,892	-	16,02,92,892
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total C (i+ii+iii)	-	16,02,92,892	-	16,02,92,892

6) Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing Director, Whole-time Directors and/or Manager (Amount in Rupees)

Particulars of Remuneration	Mr. Jay Morzaria Managing Director	Mr. Raman Morzaria Whole-Time Director	Total Amount
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961	6,00,000	6,00,000	12,00,000
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
Stock option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
as % of profit	-	-	-
others (specify)	-	-	-
Others, please specify	-	-	-
Total (A)	6,00,000	6,00,000	12,00,000
Ceiling as per the Act	In term of Schedule V to the Companies Act, 2013		84,00,000

B) Remuneration to other Directors (Amount in Rupees)

Particulars of Remuneration	Ms. Hardika Mandavia	Mr. Jay Somaiya	Mr. Parth Maniar	Mrs. Brimda Bilimoria	Total Amount
a) Independent Director					
(i) Fees for attending board/ committee meeting.	-	-	-	-	-
(ii) Commission	-	-	-	-	-
(iii) Other, specify	-	-	-	-	-
Total (a)	-	-	-	-	-
b) Other Non-Executive Directors					
(i) Fees for attending board/ committee meeting.	-	-	-	-	-
(ii) Commission	-	-	-	-	-
(iii) Other, specify	-	-	-	-	-
Total (b)	-	-	-	-	-

Total (B)	-	-	-	-	-
Total Managerial Remuneration (A+B)	-	-	-	-	12,00,000
Overall Ceiling as per the Act	In term of Schedule V to the Companies Act, 2013				84,00,000

C) Remuneration to Key Managerial Personnel (Amount in Rupees)

Particulars of Remuneration	Mr. Kush Morzaria Chief Financial Officer	Ms. Nitixa Ramanuj Company Secretary	Total Amount
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	3,00,000	3,25,000	6,25,000
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
Stock option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
as % of profit	-	-	-
others (specify)	-	-	-
Others, please specify	-	-	-
Total	3,00,000	3,25,000	6,25,000

7) Penalties / Punishment/ Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
A. Company					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment					
Compounding					
B. Directors					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment					
Compounding					
C. Other Officers in Default					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment					
Compounding					

Registered Office
705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar
Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

PARTICULARS OF EMPLOYEES

(Pursuant to section 197 (12) read with Rules made thereunder)

Disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with rules made there under.

- a) The ratio of remuneration of each director to the median remuneration of employees for the financial year and the Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration	Percentage Increase
1.	Mr. Jay Morzaria	Managing Director	Remuneration	8.00 : 1.00	-
2.	Mr. Raman Morzaria	Whole-Time Director	Remuneration	8.00 : 1.00	-
3.	Mr. Kush Morzaria	Chief Financial Officer	Salary	-	-
4.	Ms. Nitixa Ramanuj	Company Secretary	Salary	-	-

- b) The percentage increase in the median remuneration of employees in the financial year: The average median remuneration of employees was decreased by 9.64% over previous year.
- c) The number of permanent employees on the rolls of the company : 13 Employees
- d) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There was no increase in the remuneration of Employees as compared to last year. On the other hand, remuneration of managerial personnel was also not increased.

The board of directors of the company affirmed that remuneration of the entire key managerial personnel of the company are as per the remuneration policy of the company.

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar
Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 27 and Para-C of Schedule - V of SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015; report contains the details regarding corporate governance system and mechanism of Karnavati Finance Limited ("the Company").

COMPANY'S POLICY ON CORPORATE GOVERNANCE

The company's policy on corporate governance is based on transparency, accountability and adaptability and ethical corporate citizenship. The company remain committed to uplift and develop its stakeholders and believes that stakeholders i.e. shareholders, suppliers, customers, employees and society are the core and key part of the company and they contribute for development of the company directly or indirectly.

The company has established and developed such policy and taken such action so that it becomes good and standard model of Corporate Governance. In this behalf company follows each and every Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and other applicable Laws with its letter and spirit.

BOARD OF DIRECTORS

At the helm of the Company's Corporate Governance practice is its Board. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

Constitution of Board

The Board of Directors of the Company have an optimum combination of Executive and Non-executive Directors and is in conformity with the provisions of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI LODR Regulations").

The Board of Directors of the Company consists of four (4) Directors; two (2) are Promoter Executive Directors and two (2) are Non-Executive Independent Directors. The current strength of Board includes at least one Woman Director as required under applicable provisions.

As at March 31, 2019, the Board comprised following Directors;

Name of Director	Category Cum Designation	Date of Appointment at current Term	Total Directorship in other Companies~	Total Directorship in other Listed Companies	No. of Committee^		No. of Shares held as on March 31, 2019	Inter-se Relation between Directors
					in which Director is Members	in which Director is Chairman		
Mr. Jay Morzaria	Promoter Managing Director	July 1, 2019	4	-	2	-	1157350 Equity Shares	Son of Mr. Raman Morzaria
Mr. Raman Morzaria	Promoter Whole-Time Director	July 1, 2019	4	-	-	-	2929208 Equity Shares	Father of Mr. Jay Morzaria
Mrs. Birmda Bilimoria	Non-Promoter Independent Director	August 13, 2018	-	-	2	-	-	No Relation
Mr. Parth Maniar	Non-Promoter Independent Director	September 20, 2018	-	-	-	2	-	No Relation

^ Committee includes Audit Committee and Shareholders' Grievances Committee across all Public Companies including our Company.
~ excluding Section 8 Company, Struck off Company, Amalgamated Company, LLPs and our Company.

The composition of Board complies with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

None of the Directors of Board is a member of more than ten Committees or Chairman of more than five committees across all the Public companies in which they are Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

None of the Director of the Company is serving as a Whole-Time Director in any Listed Company and is holding position of Independent Director in more than 3 Listed Company and none of the Director of the Company is holding position as Independent Director in more than 7 Listed Company. None of the Directors is Director in more than eight listed companies.

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 164 (2) of the Companies Act, 2013. A Certificate from Mr. Anand Lavingia, Practicing Company Secretary, Ahmedabad as stipulated under Regulation 34 read with Schedule V of the SEBI LODR, is attached as an Annexure - E-1 to this Report.

Relationship between Directors inter-se

None of the above Directors bear inter-se relation with other Director except, Mr. Raman Morzaria and Mr. Jay Marzari who are father and son.

Board Meeting

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are generally held at registered office of the Company.

During the year under review 5 (Five) Board meetings were held viz., May 28, 2018, August 13, 2018, October 18, 2018, November 13, 2018, and February 13, 2019, respectively. The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

The details of attendance of each Director at the Board Meeting and Annual General Meeting are given below;

Name of Director	Mr. Jay Morzaria	Mr. Raman Morzaria	Mr. Jay Somaiya\$	Ms. Hardika Mandavia*	Mrs. Brimda Bilimoria~	Mr. Parth Maniar^
No. of Board Meeting held	5	5	5	5	5	5
No. of Board Meeting eligible to attend	5	5	3	2	3	3
Number of Board Meeting attended	5	5	3	2	3	3
Presence at the previous AGM	Yes	Yes	Yes	Not Applicable	Yes	Not Applicable@

\$ up to October 18, 2018; * up to August 13, 2018 ~ w.e.f. August 13, 2018 ^ w.e.f. October 18, 2018

@ Since Mr. Parth Maniar was proposed to be appointed as Non-Executive Independent Director and he attended the Annual General Meeting as an appointee for the post of Director.

During the year, the Board of Directors has also passed certain resolutions through circulation in compliance of Section 175 of the Companies Act, 2013. All such resolutions, passed through circulation, have been noted in subsequent Board Meeting and form part of minutes of such subsequent meetings.

Independent Directors

In terms of Section 149 of the Companies Act, 2013 and rules made there under and Listing Regulations, the Company has two Non-Promoter Independent Directors. In the opinion of the Board of Directors, both the Independent Directors of the Company meet all the criteria mandated by Section 149 of the Companies Act, 2013 and rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are Independent of Management.

A separate meeting of Independent Directors was held on February 13, 2019 to review the performance of Non-Independent Directors and Board as whole and performance of Chairperson of the Company including assessment of quality, quantity and timeliness of flow of information between Company management and Board that is necessary for the board of directors to effectively and reasonably perform their duties.

The terms and conditions of appointment of Independent Directors and Code for Independent Director are incorporated on the website of the Company at www.karnavatifinancelimited.com.

The Company has received a declaration from the Independent Directors of the Company under Section 149(7) of Companies Act, 2013 confirming that they meet criteria of Independence as per relevant provisions of Companies Act, 2013 for financial year 2019-2020. The Board of Directors of the Company has taken on record the said declarations and confirmation as submitted by the Independent Directors after undertaking due assessment of the veracity of the same. In the opinion of the Board, they fulfill the conditions for re-appointment as Independent Directors and are independent of the Management.

During the financial year 2018-19, Ms. Hardika Hasmukh Mandavia and Mr. Jay Ketan Somaiya, Independent Directors of the Company tendered their resignation w.e.f. August 13, 2018 and October 18, 2018 due to their inability to devote time to the affairs of the Company. The Board places their appreciation for the service rendered by them during their tenure as Independent Directors of the Company.

Information on Directorate

During the financial year 2018-19, Ms. Hardika Hasmukh Mandavia and Mr. Jay Ketan Somaiya, Independent Directors of the Company tendered their resignation w.e.f. August 13, 2018 and October 18, 2018 due to their inability to devote time to the affairs of the Company. The Board places their appreciation for the service rendered by them during their tenure as Independent Directors of the Company.

As a replacement of Ms. Hardika Hasmukh Mandavia, the Board of Directors, in their meeting held on August 13, 2018, has appointed Mrs. Brimda Minoobhai Bilimoria as Additional (Non-Executive Independent) Director who later on regularized by the Members of the Company at their 34th Annual General Meeting and she was appointed as Independent Director of the Company for a period up to August 12, 2023.

Moreover, pursuant to notice received under section 160(1) proposing the name of Mr. Parth Chandreshbhai Maniar, as a Non-Executive Independent Director on the board, the Members of the Company have appointed Mr. Parth Chandreshbhai Maniar as a Non-Executive Independent Director of the Company for a term of 5 (five) consecutive years, that is, up to thirty ninth Annual General Meeting.

Further, the Board of Directors at its meeting held on June 28, 2019, on the recommendation of Nomination and Remuneration Committee, re-appointed Mr. Jay Morzaria as Chairman and Managing Director and Mr. Raman Morzaria as Whole-Time Director for a period of five (5) years w.e.f. July 1, 2019, subject to approval of members at the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act, 2013, Mr. Raman Morzaria, Whole-Time Director of the Company retires by rotation at the ensuing annual general meeting. He, being eligible, has offered himself for re-appointment as such and seeks re-appointment. The Board of Directors recommends his appointment on the Board.

The relevant details, as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards-2 issued by ICSI, of the person seeking appointment/re-appointment as Directors are annexed to the Notice convening the thirty fifth annual general meeting.

Key Managerial Personnel

In accordance with Section 203 of the Companies Act, 2013, the Company has already appointed Mr. Jay Morzaria as Chairman and Managing Director of the Company, Mr. Kush Morzaria Patel as Chief Financial Officer and Ms. Nitixaben Ramanuj as Company Secretary of the Company. Further, there was no change in the Key Managerial Personnel of the Company during the financial year 2018-19, except re-appointment of Mr. Jay Morzaria as Chairman and Managing Director of the Company.

Training to Board Members - Familiarization Programme

The Board is equipped to perform its role through inputs from various sources from time to time. Directors are fully briefed on all matters concerning the business and operation of the Company, risk assessment and minimization procedures and new initiatives proposed by the Company. The Board members regularly interact with the management in order to obtain any information that they may require. The company has adopted the Familiarization Programme which is placed on the website of the company at <http://www.karnavatifinancelimited.com/files/Familiarization-Programme-for-Independent-Director.pdf>.

Code of conduct for the Board of Directors and senior management personnel:

In terms of Regulation 17(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The compliance of the said code has been affirmed by them annually. The Code of Conduct also includes the duties of Independent Directors. A copy of the Code has been put up on the Company's website and same may be accessed at <http://www.karnavatifinancelimited.com/files/coc.pdf>.

A declaration signed by the Managing Director of the Company is attached with this report.

Key Board qualifications, expertise and attributes

The KFL board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the board and its committees. The board members are committed to ensuring that the KFL Board is in compliance with the highest standard of corporate governance.

In the opinion of board and the board governance, Nomination and Remuneration committee, the following is a list of core skills/expertise/competencies required in the context of the company's business and which are available with the board.

Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
Gender, ethnic, national, or other diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders
Leadership	Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth
Functional and managerial experience	Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws, international markets, sales and marketing, and risk management.
Personal values	Personal characteristics matching the Company's values, such as integrity, accountability, and high performance standards.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Corporate governance	Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests and Company's responsibilities towards customers, employees, suppliers, regulatory bodies and the communities in which it operates.

COMMITTEES OF BOARD

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has 3 (Three) committees i.e. Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee.

All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided in detailed hereunder.

There were no instances during the financial year 2018-2019, wherein the Board had not accepted recommendations made by any committee of the Board.

A. Audit Committee

The Company has formed audit committee in line with the provisions Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations for the purpose of assisting the Board in fulfilling its overall responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

During the year, the Committee carried out its functions as per the powers and roles given under Regulation 18 read with Part C of Schedule II of SEBI LODR Regulations, 2015 and Companies Act, 2013. The terms reference of Audit Committee has been revised as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, through circular resolution passed by the Board of Directors on March 30, 2019 which is applicable from April 1, 2019 briefed hereunder;

Role of Committee:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- a) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
 19. Approval of appointment of CFO (i.e., the Whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Reviewing the Management letters/ letters of Internal Control weaknesses issued by Statutory Auditor;
 21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
 22. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of the provision and
 23. The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.

Review of Information by the Committee:

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee and
6. statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
7. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
8. Examination of the financial statement and auditors' report thereon;
9. Approval or any subsequent modification of transactions of the Company with related parties;
10. Scrutiny of inter-corporate loans and investment;
11. Valuation of undertakings or assets of the Company, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Monitoring the end use of funds raised through public offers and related matters;
14. Any other matters as prescribed by law from time to time.

Powers of Committee:

The Committee-

1. May call for comments of auditors about internal control system, scope of audit, including observations of auditors and review of financial statement before their submission to board;
2. May discuss any related issues with internal and statutory auditors and management of the Company;
3. To investigate into any matter in relation to above items or referred to it by Board;
4. To obtain legal or professional advice from external sources and have full access to information contained in the records of the Company;
5. To seek information from any employee;
6. To secure attendance of outsiders with relevant expertise, if it considers necessary;
7. Any other power as may be delegated to the Committee by way of operation of law.

Composition of Committee, Meeting and Attendance of each Member at Meetings:

Audit Committee meeting is generally held once in quarter for the purpose of recommending the quarterly / half yearly / yearly financial result and the gap between two meetings did not exceed one hundred and twenty days. Additional meeting is held for the purpose of reviewing the specific item included in terms of reference of the Committee. During the year under review, Audit Committee met 4 (Four) times viz. on May 28, 2018, August 13, 2018, November 13, 2018 and February 13, 2019 respectively.

The composition of the Committee during the year and the details of meetings attended by its members are given below:

Name of Members	Category	Designation in Committee	Number of meetings during the financial year 2018-19		
			Held	Eligible to attend	Attended
Mr. Jay Somaiya	Independent & Non-Executive Director	Chairperson\$	4	2	2
Ms. Hardika Mandavia	Independent & Non-Executive Director	Member*	4	2	2
Mr. Parth Maniar	Independent & Non-Executive Director	Chairperson^	4	2	2
Mrs. Brimda Bilimoria	Independent & Non-Executive Director	Member~	4	2	2
Mr. Jay Morzaria	Executive Director	Member	4	4	4

\$ up to October 18, 2018; * up to August 13, 2018 ^ w.e.f. October 18, 2018 ~ w.e.f. August 13, 2018

The Company Secretary of the Company acts as a Secretary to the Committee. The Constitution of the Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (LODR) Regulations, 2015.

The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever requires. Chief Financial Officer of the Company is a regular invitee at the Meeting.

Mr. Jay Somaiya, the then Chairman of the Committee had attended last Annual General Meeting of the Company held on September 20, 2018.

Recommendations of Audit Committee have been accepted by the Board of wherever/whenever given.

B. Shareholder Relationship Committee

Terms of Reference:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares;
2. Redressal of shareholder and investor complaints like transfer of Shares, non-receipt of balance sheet, non-receipt of declared dividends etc.,
3. Issue duplicate/split/consolidated share certificates;
4. Allotment and listing of shares;
5. Dematerialization/Rematerialization of Share
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
8. Review of measures taken for effective exercise of voting rights by the shareholder.
9. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
10. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / Annual Reports / statutory notices by the shareholders of the company.
11. The chairperson of Stakeholder Relationship Committee is required be present at the AGM to answer the queries of all the securities holder.
12. Such other matters as may be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Committee is also responsible for the Redressal of Shareholders, Debenture holders and other security holders grievances including non-receipt of Annual reports, non-receipt of declared dividend, Transfer/Transmission/Demat of Securities/Issue of Duplicate Certificates, etc. The Committee also oversees the performance of the Registrar & Transfer agents of the Company relating to the investors' services and recommends measures for improvement.

Composition of Committee, Meetings and Attendance of each Member at Meetings:

During the year under review, Stakeholder's Grievance & Relationship Committee met 4 (Four) times viz on May 28, 2018, August 13, 2018, November 13, 2018 and February 13, 2019 respectively.

The composition of the Committee during the year and the details of meetings attended by its members are given below:

Name of Members	Category	Designation in Committee	Number of meetings during the financial year 2018-19		
			Held	Eligible to attend	Attended
Mr. Jay Somaiya	Independent & Non-Executive Director	Chairperson\$	4	2	2
Ms. Hardika Mandavia	Independent & Non-Executive Director	Member*	4	2	2
Mr. Parth Maniar	Independent & Non-Executive Director	Chairperson^	4	2	2
Mrs. Brimda Bilimoria	Independent & Non-Executive Director	Member~	4	2	2
Mr. Jay Morzaria	Executive Director	Member	4	4	4

\$ up to October 18, 2018; * up to August 13, 2018 ^ w.e.f. October 18, 2018 ~ w.e.f. August 13, 2018

Name and Designation of Compliance Officer

Ms. Nitixaben Ramanuj, Company Secretary of the Company is acting as the Compliance Officer.

Complaint

Number of complaints outstanding as on April 1, 2018	Nil
Number of complaints received from the Investors from April 1, 2018 to March 31, 2019	Nil
Number of complaints solved to the satisfaction of the Investors from April 1, 2018 to March 31, 2019	Nil
Number of complaints pending as on March 31, 2019	Nil

C. Nomination and Remuneration Committee:

The Company has formed Nomination and Remuneration committee in line with the provisions Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. The terms reference of Nomination and Remuneration committee has been revised as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, through circular resolution passed by the Board of Directors on March 30, 2019 which is applicable from April 1, 2019 briefed hereunder;

Terms of reference:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.

Explanation: Senior Management means personnel who are members of the core management team excluding BOD comprising all members of management one level below the executive directors, including functional heads.

Other terms of reference as prescribed under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Composition of Committee, Meeting and Attendance of each Member at Meetings:

Nomination and Remuneration Committee meeting is generally held at least once in a year. Additional meetings are held for the purpose of recommending appointment/re-appointment of Directors and Key Managerial Personnel and their remuneration. During the year under review, Nomination and Remuneration Committee met 3 (Three) times viz. on August 13, 2018, October 18, 2018 and February 13, 2019 respectively.

The composition of the Committee during the year and the details of meetings attended by its members are given below:

Name of Members	Category	Designation in Committee	Number of meetings during the financial year 2018-19		
			Held	Eligible to attend	Attended
Mr. Jay Somaiya	Independent & Non-Executive Director	Chairperson\$	3	2	2
Ms. Hardika Mandavia	Independent & Non-Executive Director	Member*	3	1	1
Mr. Parth Maniar	Independent & Non-Executive Director	Chairperson^	3	1	1
Mrs. Brimda Bilimoria	Independent & Non-Executive Director	Member~	3	2	2
Mr. Jay Morzaria	Executive Director	Member	3	3	3

\$ up to October 18, 2018; * up to August 13, 2018 ^ w.e.f. October 18, 2018 ~ w.e.f. August 13, 2018

Performance Evaluation:

Criteria on which the performance of the Independent Directors shall be evaluated are placed on the website of the Company and may be accessed at link <http://www.karnavatifinancelimited.com/files/performanceevaluationpolicy.pdf>.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

Remuneration of Directors:

The Company has not entered into any pecuniary relationship or transactions with Non-Executive Directors of the Company.

Further, criteria for making payment, if any, to non-executive directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the website of the Company viz; <http://www.karnavatifinancelimited.com/files/nominationRemunerationPolicy.pdf>.

During the year under review, the Company has paid remuneration to Executive Directors of the Company, details of which are as under;

Sr. No.	Name of Directors	Designation	Component of payment	Remuneration paid (₹)	Tenure
1.	Mr. Jay Morzaria	Managing Director	Fixed Salary	6,00,000	5 years Appointed as Managing Director w.e.f. July 1, 2014 for a period of 5 years the same was approved by the members of the company in their meeting held on July 05, 2014
2.	Mr. Raman Morzaria	Whole-Time Director	Fixed Salary	6,00,000	5 years Appointed as Managing Director w.e.f. July 1, 2014 for a period of 5 years the same was approved by the members of the company in their meeting held on July 05, 2014

The remuneration of the Directors is decided by the Nomination and Remuneration Committee based on the performance of the Company in accordance with the Nomination and Remuneration Policy within the limit approved by the Board or Members.

Apart from sitting fees, Non-Executive Directors do not receive any other consideration except in their professional capacity. Further, no sitting fees was paid to the Non-Executive Directors for attending Board/Committee Meetings. Sitting Fees paid to Directors does not require the approval of Shareholders and Central Government.

During the year under review, no non-executive directors was paid any Sitting Fees.

GENERAL BODY MEETINGS

Annual General Meetings

Financial Year	Date	Location of Meeting	Time	No. of Special Resolutions passed
2017-18	September 20, 2018 (Thursday)	Registered office of the company : Unit No. 2, Sagar Deep Darshan Co-Operative Housing Society Limited, S. V. Road, Borivali (West), Mumbai-400092, Maharashtra	10.00 A.M.	--
2016-17	September 16, 2017 (Saturday)	Registered office of the company : Unit No. 2, Sagar Deep Darshan Co-Operative Housing Society Limited, S. V. Road, Borivali (West), Mumbai-400092, Maharashtra	04:00 P.M.	--
2015-16	September 30, 2016 (Friday)	Registered office of the company : Unit No. 2, Sagar Deep Darshan Co-Operative Housing Society Limited, S. V. Road, Borivali (West), Mumbai-400092, Maharashtra	03:00 P.M.	--

Passing of Special Resolution through Postal Ballot

The Company has not passed/proposed any Special Resolutions through Postal Ballot during the year under reference. Further, no special resolution is proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

a. Financial Results

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as "The Financial Express" in English and "Lakshadweep" in Marathi language and are displayed on the website of the Company www.karnavatifinancelimited.com.

b. Website

The Company's website www.karnavatifinancelimited.com contains a separate dedicated section namely "Investors" where shareholders information is available. The Annual Report of the Company is also available on the website of the Company www.karnavatifinancelimited.com in a downloadable form.

During the year under review, the Company has not made any presentations to institutional investors or to the analysts. Further, the result of the Company has not been displayed any official news releases.

General Shareholders Information

Date, Time and Venue of 35th Annual General Meeting

Day and Date: Wednesday, September 25, 2019

Time: 10.00 A.M.

Venue: 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064, Maharashtra

Financial Year

12 months period starting from April 1 and ends on March 31 of subsequent year. This being financial year 2018-19 was started on April 1, 2018 and ended on March 31, 2019.

Financial Calendar

(Tentative and subject to change for the financial year 2019-20)

Quarter ending	Release of Results
June 30, 2019	Second week of August, 2019
September 30, 2019	Second week of November, 2019
December 31, 2019	Second week of February, 2020
March 31, 2020	End of May, 2020
Annual General Meeting for the year ending March 31, 2020	End of September, 2020

Dividend Payment Date

To conserve the resources for future prospect and growth of the company, your Directors regret to declare Dividend for the Financial Year 2018-19 (Previous year - Nil).

Book closure date

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 19, 2019 to Wednesday, September 25, 2019 (both days inclusive) for the purpose of Thirty Fifth AGM and same will be re-opened from Thursday, September 26, 2019 onwards.

Listing on Stock Exchanges

BSE Limited,
25th Floor, P J Towers,
Dalal Street, Fort,
Mumbai - 400 001

Listing fees for the financial year 2019-20 has been paid to BSE Limited.

Stock Code/Symbol

BSE Limited (Scrip Code - 538928; Scrip ID - KARNAVATI)

Market Price Data

The monthly high/low and the volumes of the company's shares Traded on stock exchange and the monthly high/low of the said exchanges are as follows:

Month	Karnavati Finance Limited			S & P BSE SENSEX	
	High Price	Low Price	No. of Shares	High Price	Low Price
April, 2018	30.50	30.45	60	35213.30	32972.56
May, 2018*	-	-	-	35993.53	34302.89
June, 2018	29.00	25.20	180000	35877.41	34784.68
July, 2018	28.00	23.95	198928	37644.59	35106.57
August, 2018	27.00	26.10	4	38989.65	37128.99
September, 2018	28.70	27.00	3946	38934.35	35985.63
October, 2018	28.90	22.60	11664	36616.64	33291.58
November, 2018	25.90	25.00	1590	36389.22	34303.38
December, 2018	26.45	24.90	6200	36554.99	34426.29
January, 2019	30.85	25.20	11381	36701.03	35375.51
February, 2019	31.60	28.50	66766	37172.18	35287.16
March, 2019	31.60	29.90	1199	38748.54	35926.94

There was no trading happened in the month of May - 2018.

Registrar and Transfer Agents

Satellite Corporate Services Private Limited

Unit No. 2, Building No. 13 A-B, 2nd Floor, Samhita Commercial Co-Op. Soc. Limited, Off. Andheri Kurla Road, MTNL Lane, Sakinaka, Mumbai-400072

E-Mail ID: service@satellitecorporate.com; Contact No. : 022 28520461/462

Share Transfer System

Transfers in physical form are lodged with the Company/Transfer Agent. The Transfer Agent has complete computerized facility for processing the transfer. After verification of the transfers lodged in physical form, the transfer agent prepares a statement of transfer(s) and accordingly approves the transfer(s). The share certificate(s) duly transferred are sent by the transfer agent to the transferee, which completes the transaction. In case of any complaint from shareholder(s) for delay in transfer, the matter is actively followed up by the Company with the transfer agent and the same is resolved to the satisfaction of the shareholder(s).

Distribution of Shareholding (As on March 31, 2019)

On the basis of number of shares held:

No. of Shares		No. of Shareholders		No. of Shares				% of Total
		Number	% of Total	Physical	NSDL	CDSL	Total	
Up to 2500		76	34.08	200	837	1117	2154	0.02
2501	5000	41	18.39	400	1977	14433	16810	0.17
5001	10000	12	5.38	0	1000	6755	7755	0.08
10001	20000	5	2.24	0	0	7400	7400	0.07
20001	30000	3	1.35	0	2645	5750	8395	0.08
30001	40000	1	0.45	0	3515	0	3515	0.04
40001	50000	4	1.79	0	13943	4597	18540	0.18
50001	100000	29	13.00	0	127485	155150	282635	2.81
100001 and Above		52	23.32	300000	1462628	7940168	9702796	96.55
Total		223	100.00	300600	1614030	8135370	10050000	100.00

On the Category of Shareholders:

No. of Shares	Shareholders		Number of Shares held	
	Number	% of Total	Number	% of Total
Resident Individuals	185	82.96	2511608	24.99
Corporate Promoter Under Same Management	1	0.45	23900	0.24
Bodies Corporate	5	2.24	162625	1.62
Clearing Members	2	0.90	345	0.00
Promoter	2	0.90	4086558	40.66
Promoter Relatives	2	0.90	1772850	17.64
LLP	1	0.45	375128	3.73
N.R.I. (Non-Repat)	1	0.45	1000	0.01
Hindu Undivided Family	24	10.76	1115986	11.10
Total	223	100.00	10050000	100.00

Dematerialization of shares and Liquidity (as on March 31, 2019)

Mode	No. of Shares	Percentage
Demat		
NSDL	16140300	16.06%
CDSL	81353700	80.95%
Physical	3006000	2.99%

The shares are almost actively traded on BSE Limited. For those shareholders who hold the shares in physical form may contact Depository Participant.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments conversion date and likely impact on equity

The company has not issued any GDRs/ADRs/Warrants or any Convertible instruments till date. Hence, there are no outstanding GDRs/ADRs/Warrants or any convertible instruments.

Plant Location

The company, being engaged in service sector business, does not have any plant or factory.

Address for Correspondence

All enquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

Ms. Nitixa Ramanuj (Company Secretary)

Karnavati Finance Limited

Corporate Office: "Vraj", 5th Floor, Opp. Hotel President, Near Bhumi Press, Limda Lane, Jamnagar-361001, Gujarat.

Contact No. 0288 2663042 E-Mail ID: karnavatifinance@gmail.com

For transfer/dematization of shares, change of address of members and other queries:

Satellite Corporate Services Private Limited

Unit No. 2, Building No. 13 A-B, 2nd Floor, Samhita Commercial Co-Op. Soc. Limited, Off. Andheri Kurla Road, MTNL Lane, Sakinaka, Mumbai-400072

E-Mail ID: service@satellitecorporate.com; Contact No. : 022 28520461/462

CREDIT RATINGS AND ANY REVISION THERETO:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2019. The Company has not obtained any credit rating during the year.

DISCLOSURE

Subsidiary Companies

The Company does not have any subsidiary companies.

Material Related Party Transactions

All transactions entered into with Related Parties during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013.

During the year 2018-19, there was no materially significant related party transaction that may have potential conflict with the interests of the Company at large. Attention of members is drawn to the disclosure of transactions with the related parties set out in Notes to Accounts - Note No. 28, forming part of the Annual Report.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The policy is uploaded on the website of the Company <http://www.karnavatifinancelimited.com/files/Related-Party-Transaction-Policy.pdf>.

Further as per Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 (Amendment), the listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosure of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchange and publish the same on its website.

The company has duly submitted the details of Related Party Transactions for the year ended on March 31, 2019 and also submitted the details for the half year ended on September 30, 2019 and the same is accessible on the following links; <https://www.bseindia.com/xml-data/corpfiling/AttachHis/9bd07c90-f8f0-4de5-ae5e-8c666e318b04.pdf> and on <http://www.karnavatifinancelimited.com/investors.html> respectively.

Compliances

There were neither any instances of non-compliance by the Company nor there were any penalties or strictures imposed on the Company by the Stock Exchange/(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

Risk Management

Business risk evaluation and management is an ongoing process within the Company. During the year under review, the Management reviewed the risk management and minimization procedure adopted by the Company covering the business operations of the Company.

Proceeds from public issues, rights issues, preferential issues etc.

During the year under review, the Company has not raised any proceeds from public issue, right issue, preferential issues, etc.

CEO/ CFO Certification

In terms of Regulation 17(8) read with part B of Schedule II of SEBI LODR Regulations, the Certification by CEO and CFO has been obtained and the said certification has been placed before the Board Members of the Company for perusal.

Accounting treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Whistle Blower

The Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethic policy. The said mechanism also provides for adequate safeguards against victimization of director(s)/Employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The details of establishment of such mechanism have been disclosed in the Board's Report. Further, the Policy on Vigil Mechanism is available on the website of the Company at <http://www.karnavatifinancelimited.com/files/whistleblowerpolicy.pdf>.

Details of Compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with the applicable mandatory requirements as specified under Regulation 15 of SEBI LODR Regulations. The Company has not adopted any non-mandatory requirements.

Total fees paid to Statutory Auditors of the Company

Total fees of ₹ 1,90,000/- (Rupees One Lakh Ninety Thousands only) plus GST for financial year 2018-2019, for all services, was paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2018-2019 are prescribed under Board's Report forming part of this Annual Report.

Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit

Report by Practicing Company Secretaries under Form MR - 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

Accordingly, the Company has engaged the services of Mr. Anand Lavingia (CP No. 11410), Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification. The Company is publishing the said Secretarial Compliance Report, on voluntary basis and the same has been annexed as Annexure - F-2 to the Board's Report forming part of this Annual Report.

Compliance Certificate of the Auditors

A Certificate from the Auditors of the Company Mr. Anand Lavingia, Practicing Company Secretary, Ahmedabad confirming the compliance with the conditions of Corporate Governance as stipulated under Clause E of Schedule V of the SEBI LODR Regulations is attached as an Annexure - E-2 to this Report.

Compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations

Sr. No.	Particulars	Regulation Number	Compliance status (Yes/No/NA)
1	Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
2	Board composition	17(1)	Yes
3	Meeting of Board of directors	17(2)	Yes
4	Review of Compliance Reports	17(3)	Yes
5	Plans for orderly succession for appointments	17(4)	Yes
6	Code of Conduct	17(5)	Yes
7	Fees/compensation	17(6)	Yes
8	Minimum Information	17(7)	Yes
9	Compliance Certificate	17(8)	Yes
10	Risk Assessment & Management	17(9)	Yes
11	Performance Evaluation of Independent Directors	17(10)	Yes
12	Composition of Audit Committee	18(1)	Yes
13	Meeting of Audit Committee	18(2)	Yes
14	Composition of nomination & remuneration committee	19(1) & (2)	Yes
15	Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
16	Composition and role of risk management committee	21(1),(2),(3),(4)	NA
17	Vigil Mechanism	22	Yes
18	Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes
19	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
20	Approval for material related party transactions	23(4)	NA
21	Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
22	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	NA
23	Maximum Directorship & Tenure	25(1) & (2)	Yes
24	Meeting of independent directors	25(3) & (4)	Yes
25	Familiarization of independent directors	25(7)	Yes
26	Memberships in Committees	26(1)	Yes
27	Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
28	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
29	Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar

Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

DECLARATION

I, Jay Morzaria, Managing Director of Karnavati Finance Limited hereby declare that as of March 31, 2019, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company.

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar

Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of,
KARNAVATI FINANCE LIMITED

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Karnavati Finance Limited having CIN: L65910MH1984PLC034724 and having registered office at 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400 064, Maharashtra (hereinafter referred to as "the Company"), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Directors	Director Identification Number	Date of Appointment in the Company*
1.	Raman Pragjibhai Morzaria	00203310	September 29, 2001
2.	Jay Ramanbhai Morzaria	02338864	September 15, 2010
3.	Birmda Minoobhai Bilimoria	08196034	August 13, 2018
4.	Parth Chandreshbhai Maniar	07980886	September 20, 2018

* As per website of Ministry of Corporate Affairs.

It shall be noted that ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: August 13, 2019
Place: Ahmedabad

Anand Lavingia
Practicing Company Secretary
ACS No.: 26458 COP No.: 11410

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
KARNAVATI FINANCE LIMITED

We have examined all the relevant records of Karnavati Finance Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended March 31, 2019. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory requirements of Corporate Governance as stipulated in Regulations 17 to 27 and Regulation 46(2)(B) to (I) and Schedule II of the said Regulations except Regulation 21 and Regulation 24 which are not applicable to the Company. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company not adopted any such requirement.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: August 13, 2019
Place: Ahmedabad

Anand Lavingia
Practicing Company Secretary
ACS No.: 26458 COP No.: 11410

SECRETARIAL AUDIT REPORT

Form No. MR-3

For the financial year ended March 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Karnavati Finance Limited
(CIN: L65910MH1984PLC034724)
705, Palm Spring Centre, Above Croma,
Near New Infinity Mall, Link Road, Malad (West),
Mumbai - 400064, Maharashtra

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Karnavati Finance Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- v. Secretarial Standards issued by the Institute of Company Secretaries of India.

Further, the company being Non Deposit accepting Non-Banking Financial Company, following are few specific applicable acts, regulations, guidelines and direction to the company.

- i. Reserve Bank of India Act, 1934;
- ii. Master Direction - Know Your Customer (KYC) Direction, 2016;
- iii. KYC & PML Policy on securities formulated in terms of prevention of Money Laundering Act, 2002;
- iv. Prevention of Money Laundering Act, 2002;
- v. Guidelines on fair practice code for NBFCs;
- vi. Master Circular - Fair Practices Code
- vii. Master Direction - Money Changing Activities;
- viii. Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

During the period under review the Company has complied with the provisions of the Act, Rules made thereunder, Regulations, guidelines etc. mentioned above except following;

Sr. No.	Compliance Requirement	Deviations
1.	Regulation 7(2) of the Securities And Exchange Board of India (Prohibition Of Insider Trading) Regulations, 2015 - Continual Disclosure	The Promoter has executed transactions on various dates - February 21, 2019 to February 27, 2019 for which he made three disclosures to the Company on April 4, 2019 (delay in compliance from the side of promoter). Later on the Company has notified about the receipt of Disclosure to the Stock Exchange on April 4, 2019.

Further, I have relied on the representation made by the Company and its officers for systems and mechanism framed by the Company for compliance under specific applicable acts, regulations, guidelines and direction to the company.

Further, provisions of the following Acts, Rules, Regulations, Guidelines, Standards, etc. were not applicable to the Company during the period under review:

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- ii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - the Company is not registered as Registrar to an Issue & Share Transfer Agent. However,

the Company has appointed Satellite Corporate Services Private Limited as Registrar & Share Transfer Agent as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- iv. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- v. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Director Investment, Overseas Direct Investment and External Commercial Borrowings.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Independent Directors and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

I further report that -

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that -

During the audit period, there were no specific events/ actions having a major bearing on the operations of the Company's affairs happened during the audit period.

Date: August 13, 2019

Place: Ahmedabad

Payal Dhamecha

Practicing Company Secretary

ACS No.: 47303 COP No.: 20411

Note: This Report is to be read with my letter of above date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,

The Members,

Karnavati Finance Limited

(CIN: L65910MH1984PLC034724)

705, Palm Spring Centre, Above Croma,

Near New Infinity Mall, Link Road, Malad (West),

Mumbai - 400064, Maharashtra

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis, on the records and documents provided by the Management of the Company, to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: August 13, 2019

Place: Ahmedabad

Payal Dhamecha

Practicing Company Secretary

ACS No.: 47303 COP No.: 20411

ANNUAL SECRETARIAL COMPLIANCE REPORT OF KARNAVATI FINANCE LIMITED
for the year ended on March 31, 2019

To,
The Board of Directors,
Karnavati Finance Limited
(CIN: L65910MH1984PLC034724)
705, Palm Spring Centre, Above Croma,
Near New Infinity Mall, Link Road, Malad (West),
Mumbai - 400064, Maharashtra

I, Anand Sureshbhai Lavingia, Practicing Company Secretary, has examined:

- (a) all the documents and records made available to us and explanation provided by Karnavati Finance Limited ("the Company" or "the listed entity"),
 - (b) the filings/ submissions made by the listed entity to the stock exchanges,
 - (c) website of the listed entity and
 - (d) all other document/ filing, as may be relevant, which has been relied upon to make this certification,
- for the year ended on March 31, 2019 ("Review Period") in respect of compliance with the provisions of;
- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");
 - (c) The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include;
 - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - ii. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - iii. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - iv. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - v. Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 up to October 2, 2018 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 w.e.f. October 3, 2018;
 - vi. and circulars/ guidelines/Amendments issued thereunder,

and based on the above examination, I hereby report that, during the Review Period;

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder to the extent applicable and in the manner prescribed. Further additional noting on a matters specified below which is not a violation of any applicable provision to the company;

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	Regulation 7(2) of the Securities And Exchange Board of India (Prohibition Of Insider Trading) Regulations, 2015 - Continual Disclosure	The Promoter has executed transactions on various dates - February 21, 2019 to February 27, 2019 for which he made three disclosures to the Company on April 4, 2019 (delay in compliance from the side of promoter). Later on the Company has notified about the receipt of Disclosure to the Stock Exchange on April 4, 2019.	The necessary disclosures should have been made to the Company within two trading days by the Promoter.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	Nil	Nil	Nil	Nil

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended*	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	Nil	Nil	Nil	Nil

* This being first Annual Compliance Report, no observation supposed to be made for the previous report. However, there has been no such observation were found and reported by me in previous Secretarial Report (Form MR-3) for the year ended on March 31, 2018 (issued as per Companies Act, 2013).

I further report that, during the review period, following regulations issued by the Securities and Exchange Board of India were not applicable to the Company, since there were no such instances occurred during the review period that requires the compliance under the said regulations;

- (a) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (d) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (e) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and
- (f) and circulars/ guidelines/Amendments issued thereunder.

Date: May 30, 2019
Place: Ahmedabad

Anand Lavingia
Practicing Company Secretary
ACS No.: 26458 COP No.: 11410

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**BACKGROUND**

Karnavati Finance Limited (KFL) is a Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI"). The KFL is non-deposit accepting NBFC engaged in financial services. The market for this activity offers high potential for growth. The company is giving loan including personal loan, business loan, vehicle loan and loan against property to individuals as well as non-individual customers and also providing services of money changing via. FFMC License and is operating from Mumbai having its corporate office in Jamnagar.

More than half of personal savings in India are invested in physical assets such as land, houses, cattle and gold.

The Indian money market is classified into:

- a) The organized sector (comprising private, public and foreign owned commercial banks and cooperative banks, together known as scheduled banks); and
- b) The unorganized sector (comprising individual or family owned indigenous bankers or money lenders and non-banking financial companies (NBFCs). The unorganized sector and microcredit are still preferred over traditional banks in rural and sub-urban areas, especially for non-productivity purposes, like ceremonies and short duration loans.

Since liberalization, the government has approved significant banking reforms. While some of these relate to nationalized banks (like encouraging mergers, reducing government interface and increasing profitability and competitiveness) other reforms have opened up the banking and insurance sectors to private and foreign players.

Non-Banking Financial Companies (NBFC) are an integral part of the Indian Financial system, augmenting competition and diversification in the financial sector and complementing the banking system. The Indian NBFC sector has been providing credit to customers in the underserved and unbanked areas. Their channeling the savings and investments of customers and the subsequent capital formation is necessary for India's economic growth and development. Their ability to innovate products in conformity with the needs of their clients is well established.

GLOBAL ECONOMY

The World Bank has forecast that India will continue to remain the fastest growing major economy in the world in 2018-19. In a report the World Bank said India's Gross domestic Product (GDP) will grow at 7.3 per cent during the ongoing financial year. This will further climb up to 7.5 per cent in the next two financial years. The World Bank reasons that this is a result of increased consumption and investment. Besides, it says that the economy is regaining after a temporary slowdown due to demonetization and the implementation of GST.

These predictions have been made in a report prepared by the World Bank titled: 'Global Economic Prospects: Darkening Skies'. The report says that most world economies stare at dark times in this financial year. However, it has projected a brighter picture for India and the South Asian region as a whole.

Meanwhile, growth among advanced economies is forecast to drop to 2 per cent this year. Slowing external demand, rising borrowing costs, and persistent policy uncertainties are expected to weigh on the outlook for emerging market and developing economies. Growth for this group is anticipated to hold steady at a weaker-than-expected 4.2 percent this year.

INDIAN ECONOMY

According to the World Bank, Indian economy has benefitted from robust performances in manufacturing sector driven by increased consumer spending. India has made rapid progress in economy doubling its GDP in less than past 10 years and emerged as the engine of economic growth in Asia. India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves were US\$ 426.42 billion in the week up to June 21, 2019, according to data from the RBI.

Source <https://www.rbi.org.in/scripts/WSSViewDetail.aspx?TYPE=Section&PARAM1=2>.

INDUSTRY STRUCTURE AND DEVELOPMENTS

NBFCs (Non-Banking Financial Companies) play an important role in promoting inclusive growth in the country, by catering to the diverse financial needs of bank excluded customers. Further, NBFCs often take lead role in providing innovative financial services to Micro, Small, and Medium Enterprises (MSMEs) most suitable to their business requirements. NBFCs do play a critical role in participating in the development of an economy by providing a fillip to transportation, employment generation, wealth creation, bank credit in rural segments and to support financially weaker sections of the society. Emergency services like financial assistance and guidance is also provided to the customers in the matters pertaining to insurance.

For the economy, credit delivery through NBFCs is superior for two levels of capital cushion, lower cost of last mile delivery and specialized underwriting and collection skills. NBFCs now account for more than one-third of incremental credit. This is not a small sector and plays a vital role in economy's growth and this sector is here to stay.

But the latest regulatory crisis has been a wake-up call. People who have been trying to work on the edge in terms of liquidity or in terms of managing their cost of funds have got a wakeup call and hopefully some balance will be achieved.

The liquidity situation has improved significantly since the last fortnight of September, immediately following the IL&FS default. Availability of funds has improved, and the rate of interest has dropped. The scare of default by some NBFCs or HFCs (housing finance NSE 0.67 % companies) has now passed. It seems, the industry has been able to tide over the short-term liquidity crunch.

Regardless of recent panic and meltdown in the market values of NBFCs, they are here to stay and will play an important role in the economic growth and financial inclusion. In fact, as the economy becomes larger and grows faster, the need for credit will rise disproportionately. We need both banks and NBFCs to rise to the occasion and provide the economy with its lifeblood, i.e. credit.

OPPORTUNITIES AND THREATS

The NBFC sector in India is large with significant growth potential and has consistently created value for its shareholders. The NBFC sector has a double digit credit market share and has consistently gained market share from banks over the last 10 years. The RBI constantly issues new regulations and / or modifies existing regulations endeavouring to balance the multiple objectives of financial stability, consumer and depositor protection and regulatory arbitrage concerns. The RBI, however, implements major changes in a structured manner providing companies operating in the sector adequate time to adapt and adjust.

Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and competitive landscape. With new entities entering the market place, the Company needs to maintain its competitive edge through constant adaptation and creating strategies to protect its niche. The implementation of the IND AS will pose its own set of challenges for the Company and NBFC sector as a whole.

FINANCIAL PERFORMANCE

KFL's net income from operations for the financial year ended March 31, 2019 is ₹ 3,24,01,510/- as against ₹ 2,08,58,026/- in the previous year. The working of Karnavati Finance Limited (KFL) for the year under review resulted in profit of ₹ 72,22,175/- as against profit of ₹ 62,13,511/- (after tax) in the previous year.

RESOURCES AND LIQUIDITY

During the year under review, KFL has not raised any funds from the market by way of allotment of shares/bonds/warrants/debentures, or by raising public deposits etc.

PORTFOLIO

KFL's investment portfolio stood at ₹ 28,60,34,986/- as on March 31, 2019. KFL's strategy for its portfolio is to focus on asset quality and asset mix to achieve good returns.

OUTLOOK

India continues to be one of the fastest growing economies in the world and this is expected to continue in financial year 2019-20, as per the latest economic survey, finance sector being the key growth sectors of the economy. The Outlook of the Company for the year ahead is to drive profitable growth. Non-Banking Financial Companies are competing with the banks in providing financial services and has been playing a complementary role with other financial institutions in the Indian Economy.

The Management of KFL is concentrating on the core area of investment and finance. Capital market is improving and KFL will explore the opportunities available in the Capital Market and other financial areas. The persistent challenges in the operating environment resulted in higher delinquency levels for the NBFCs.

RISK MANAGEMENT

As in the case of any lending entity, the entire proposition of the Company - providing finance to various segments of the economy is on the fundamentals of managing the risk rather than avoiding it. With proper operational systems in place, the Company successfully manages these risks which also help in achieving the desired outcome, while fixing responsibility and accountability. The Board is responsible for monitoring and reviewing of the risk and taking steps to mitigate the same.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system to commensurate with the size, scale and complexity of its operations and nature to ensure smooth business operation to provide reasonable assurance that all assets are safeguarded and protected from any kind of loss or misuse, transactions are authorized, recorded and reported properly and that all applicable statutes and corporate policies are duly complied with.

SUBSIDIARY COMPANY

As there are no subsidiaries of the company, investment made in subsidiaries is nil.

HUMAN RESOURCES

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a critical pillar to support the organization's growth and its sustainability in the long run. The Company also has zero tolerance for harassment of women at workplace. The overall industrial relations atmosphere continued to be cordial.

SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

The company operates in only single segment. Hence segment wise performance is not applicable.

CAUTIONARY STATEMENT

This report describing the company's activities, projections about future estimates, assumptions with regard to global economic conditions, government policies, etc may contain "forward looking statements" based on the information available with the company. Forward-looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the company's operations are affected by the many external and internal factors, which are beyond the control of the management. Hence the company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events. Company follows all Mandatory Accounting Standards.

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Jamnagar
Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

INDEPENDENT AUDITORS' REPORT

To the members of Karnavati Finance Limited

Report on the financial statements

We have audited the accompanying financial statements of Karnavati Finance Limited (the "Company"), which comprise the Balance sheet as at March 31, 2019, and the Statement of Profit and Loss for the period then ended, the Cash flow Statement for the year ended March 31, 2019 and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the 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. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance sheet, of the State of Affairs of the Company as at March 31, 2019; and
- (b) In the case of Statement of profit and loss, of the Profit for the Year ended on March 31, 2019; and
- (c) Its cash flow statement for the year ended March 31, 2019.

Emphasis of Matters

Nil

Report on other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("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 1**, statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of account;
 - c) The Balance Sheet and Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet and statement of profit and loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 133 of the Act read with rule 7 of Companies (Accounts) Rules, 2014; and
 - e) In our opinion, the comments or observations don't have any adverse effect on functioning of the company.
 - f) On the basis of written representations received from the directors as at March 31st, 2019, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31st, 2019, from being appointed as a director in terms of subsection (2) of section 164 of the Companies Act, 2013.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**" to this report.
 - h) With respect to the matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations affecting its financial statements and hence no disclosure in its financial statements.

- ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under applicable laws or accounting standards, for material foreseeable losses.
- iii. There is no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR DOSHI MARU & ASSOCIATES
(Chartered Accountants)
Reg No. :112187W

Date : 27th May 2019
Place : Mumbai

HIREN JAYANTILAL MARU
Partner
M.No. : 115279

Annexure 1 to the Independent Auditor's Report of even date on financial statements of Karnavati Finance Limited

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) The title deed of immovable property is held in the name of the company.
- ii. The Company has no inventory and hence Para 3 (ii) of the Companies (Auditors Report) order, 2016 is not applicable to the Company.
- iii. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv. According to the information and explanations given to us, the company has not granted any loans, investments, guarantees, and security covered under the provisions of section 185 and 186 of the Companies Act, 2013 and hence this clause is not applicable to the company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any services rendered by the company.
- vii. (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues.
- viii. (b) According to the information and explanations given to us, there are no dues outstanding of income tax, sales tax, customs duty, service tax, excise duty, cess and goods and service tax on account of any dispute.
- ix. The Company has not defaulted in repayment of loans or borrowing to a financial institutions or banks.
- x. Managerial Remuneration had been paid by the company during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to Companies Act.
- xi. All the transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in financial statements, as required by the applicable accounting standards.
- xii. The company has not entered into any non- cash transactions with Directors or persons connected with them.
- xiii. In our opinion, the company is Non-Banking Finance Company registered under section 451A of the Reserve Bank of India Act, 1934 vide certificate of registration no. 13.00064 dated February 24, 1998.

FOR DOSHI MARU & ASSOCIATES
(Chartered Accountants)
Reg No. :112187W

Date : 27th May 2019
Place : Mumbai

HIREN JAYANTILAL MARU
Partner
M.No. : 115279

Annexure 2 to The Independent Auditor's Report Of Even Date On The Financial Statements Of Karnavati Finance Limited

Report on the Internal Financial Controls 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 Karnavati Finance Limited ("the company") as of 31st March, 2019 in conjunction with our Audit of the standalone financial statements of the company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The company's Management 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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) and the standards on Auditing ,issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India Those Standards and the Guidance Note require that we comply with the 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 assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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 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.

Inherent 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance may with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2018, based on the internal financial 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 Institute of Chartered Accountants of India.

FOR DOSHI MARU & ASSOCIATES
(Chartered Accountants)
Reg No. :112187W

Date : 27th May 2019
Place : Mumbai

HIREN JAYANTILAL MARU
Partner
M.No. : 115279

AUDITORS' REPORT

Pursuant to Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016

To,
The Board of Directors
Karnavati Finance Limited
Mumbai.

We have audited the Balance Sheet of Karnavati Finance Limited as at 31st March, 2019, and the annexed statement of Profit and Loss of the Company for the period ended on that date and report that:

Pursuant to the Non - Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India and on the basis of books and records of KARNAVATI FINANCE LIMITED and the information provided to us during the course of audit, we place our observations on the matters specified in Paragraph 3 and 4 of the aforementioned directions.

A. Since the Company is a NBFC Company, it has been register as Non- Banking Finance Company (NBFC) under Section 45 IA of Reserve Bank of India Act - 1934.

B.

- i. The Company has accepted deposits from its shareholders only and in compliance with the provisions and the directions, circulars and guidelines issued by the Central Government from time to time as applicable to a NBFC company.
- ii. The Company is not an Asset Finance Company or an Investment Company or Loan company and has not approached any credit rating agency for rating their deposits.
- iii. The Company being an NBFC not covered under clause (iii) of Paragraph 3 of the directions, reporting under clause (ii) doesn't arise.
- iv. The Company has complied with the Prudential Norms on income recognition, asset classification as provided. The provisions of prudential norms on income recognition, accounting standards, asset classification, provisioning for bad & doubtful debts and concentration of credit / investments as specified in the directions issued by the Reserve Bank of India in terms of the Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are not applicable to the Company.
- v. The capital adequacy ratio requirement in the terms of the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is not applicable to the Company.
- vi. The Company being a NBFC is required to submit return on deposits in Form NBS-9.
- vii. Submission of Yearly return on prudential norms as specified in Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is applicable to the Company.
- viii. The Company has not opened any branches / offices nor has appointed any agents during the period under review.

FOR DOSHI MARU & ASSOCIATES
(Chartered Accountants)
Reg No. :112187W

Date : 27th May 2019
Place : Mumbai

HIREN JAYANTILAL MARU
Partner
M.No. : 115279

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724

BALANCE SHEET AS ON 31 MARCH 2019

(Amount in ₹)

Particulars		Note No.	AS AT 31 March 2019	AS AT 31st MARCH 2018
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
(a)	Share capital	3	100,500,000	100,500,000
(b)	Reserves and surplus	4	24,306,207	17,084,031
(c)	Money received against share warrants		-	-
2	Share application money pending allotment		-	-
3	Non-current liabilities			
(a)	Long-term borrowings	5	160,292,892	145,174,836
(b)	Deferred tax liabilities (Net)	6	-	-
(c)	Other Long term liabilities		-	-
(d)	Long-term provisions		-	-
4	Current liabilities			
(a)	Short-term borrowings	7	-	-
(b)	Trade payables	8		
	Dues of Micro & Small Enterprises		-	-
	Others		3,014,891	2,960,374
(c)	Other current liabilities	9	1,559,540	691,223
(d)	Short-term provisions	10	3,553,575	3,075,086
	TOTAL		293,227,105	269,485,550
II.	ASSETS			
	Non-current assets			
1 (a)	Fixed assets			
(i)	Tangible assets	11	497,860	642,654
(ii)	Intangible assets	11		
(iii)	Capital work-in-progress	11		
(iv)	Intangible assets under development		-	-
(b)	Non-current investments	12	-	-
(c)	Deferred tax assets (net)		347,402	339,083
(d)	Long-term loans and advances	13	845,213	364,791
(e)	Other non-current assets		-	-
2	Current assets			
(a)	Current investments	14	-	-
(b)	Inventories	15	16,598	16,598

(c)	Trade receivables	16	25,000	-
(d)	Cash and cash equivalents	17	4,459,365	4,407,488
(e)	Short-term loans and advances	18	286,034,986	261,591,158
(f)	Other current assets	19	1,000,680	2,123,778
	TOTAL		293,227,105	269,485,550

The Schedules referred to herein above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For Doshi Maru & Associates [FRN: 0112187W]

For and on behalf of the Board of Directors of

Chartered Accountants

Karnavati Finance Limited

Hiren J. Maru
Partner [M. No. 115279]
Place: MUMBAI
Date : 27th May 2019

Nitixa Ramanuj
Company Secretary
PAN: BVBPR8851B
Place: MUMBAI

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E
Date : 27th May 2019

Raman P Morzaria
Whole Time Director
DIN: 00203310
Date : 27th May 2019

Jay R Morzaria
Managing Director
DIN: 02338864
Place: MUMBAI

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724

PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31 March 2019

(Amount in ₹)

	Particulars	Refer Note No.	For The Year Ended 31 March 2019	For The Year Ended 31st March 2018
I.	Revenue From Operations	20	32,401,510	20,197,475
II.	Other income	21	-	660,551
III.	Total Revenue (I + II)		32,401,510	20,858,026
IV.	Expenses:			
	Purchases of Stock-in-Trade	22	-	163,750
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	23	-	19,364
	Employee benefits expense	24	2,784,891	2,681,476
	Finance costs	25	15,763,274	6,787,853
	Depreciation and amortization expense	26	144,796	206,397
	Other expenses	27	3,840,368	2,685,810
	Total expenses		22,533,329	12,544,650
V.	Profit before exceptional and extraordinary items and tax (III-IV)		9,868,181	8,313,376
VI.	Exceptional items			-
VII.	Profit before extraordinary items and tax (V - VI)		9,868,181	8,313,376
VIII.	Extraordinary Items			-
IX.	Profit before tax (VII- VIII)		9,868,181	8,313,376
X	Tax expense:			
	(1) Current tax		2,654,325	2,124,948
	(2) Deferred tax		(8,319)	(25,083)
	(3) Prior Period Income Tax written off			
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		7,222,175	6,213,511
XII	Profit/(loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV	Profit (Loss) for the period (XI + XIV)		7,222,175	6,213,511
XVI	Earnings per equity share:			
	(1) Basic		0.72	0.74
	(2) Diluted		0.72	0.74

The Schedules referred to herein above form an integral part of the Profit & Loss Account.

This is the Statement of Profit & Loss Account referred to in our report of even date.

For Doshi Maru & Associates [FRN: 0112187W]

For and on behalf of the Board of Directors of

Chartered Accountants

Karnavati Finance Limited

Hiren J. Maru
Partner [M. No. 115279]
Place: MUMBAI

Nitixa Ramanuj
Company Secretary
PAN: BVBPR8851B

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E

Raman P Morzaria
Whole Time Director
DIN: 00203310

Jay R Morzaria
Managing Director
DIN: 02338864

Date : 27th May 2019

Place: MUMBAI

Date : 27th May 2019

Date : 27th May 2019

Place: MUMBAI

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 March 2019

(Amount in ₹)

PARTICULAR	For The Year Ended 31 March 2019	For The Year Ended 31st March 2018
A. Cash Flow from Operating Activities		
Net Profit Before Taxation	9,868,181.09	8,313,376.32
<u>Adjustment For :</u>		
Depreciation	144,796.00	206,397.00
Reversal of NPA Provision	1,567,041.12	(1,084,360.33)
General Provision on Standard Assets	-	424,422.65
Finance Cost	15,763,274.14	6,787,853.00
Operating Profit before change in Working Capital	27,343,292.35	14,647,688.64
Movement in Working Capital		
Decrease/-Increase in Loan Advance	(24,443,827.88)	(178,805,704.33)
Decrease/-Increase in Inventory	-	19,364.00
Decrease/-Increase in Current Assets	1,123,098.00	(2,084,042.00)
Decrease/-Increase in Current Liabilities	868,317.00	1,847,103.38
Decrease/-Increase in Other Current Liabilities	478,489.00	698,908.65
Movement in Working Capital	(21,973,923.88)	(178,324,370.30)
Net Cash Generation From Operation	5,369,368.47	(163,676,681.66)
Direct Tax Paid	(1,911,353.00)	(1,911,353.00)
Net Cash From Operating Activities	3,458,015.47	(165,588,034.66)
Cash Flow From Investing Activities		
Purchase of Fixed Assets	-	(24,300.00)
Net Cash Flow from Investing Activities	-	(24,300.00)
Cash Flow from Financial Activities		
Increase in Long Term Borrowings	160,292,892.14	145,174,836.00
Increase in Long Term	194,676.94	81,553.66
Finance Cost	(15,763,274.14)	(6,787,853.00)
Issue of Share Capital	27,040,000.00	27,040,000.00
Net Cash From Financial Activities	171,764,294.94	165,508,536.66
Net Increase/Decrease in Cash & Cash Equivalent	175,222,310.41	(103,798.00)
Cash at the Beginning of Year	4,407,488.00	4,511,286.00
Cash at the End of Year	179,629,798.41	4,407,488.00

This is the Cash Flow Statement referred to in our report of even date.

For Doshi Maru & Associates [FRN: 0112187W]

For and on behalf of the Board of Directors of

Chartered Accountants

Karnavati Finance Limited

Hiren J. Maru
Partner [M. No. 115279]
Place: MUMBAI
Date : 27th May 2019

Nitixa Ramanuj
Company Secretary
PAN: BVBP8851B
Place: MUMBAI

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E
Date : 27th May 2019

Raman P Morzaria
Whole Time Director
DIN: 00203310
Date : 27th May 2019

Jay R Morzaria
Managing Director
DIN: 02338864
Place: MUMBAI

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**1. Notes to Accounts****Corporate Information**

Karnavati Finance Limited, incorporated on 05-12-1984 is a Non-banking Finance Company registered with Reserve Bank of India engaged in business of financing.

The Company has initiated the process of obtaining the confirmation from suppliers who have registered under the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act, 2006) based on the information available with the Company. The Balance due to micro and small enterprise as defined under MSMED Act, 2006 is Nil. No Interest has been paid or payable under MSMED Act, 2006 during the year.

The disclosures required in terms of paragraph 18 of the Non-Banking Financial Company - Non Systematically Important Non - Deposit taking (Reserve Bank) Directions, 2016 are given in the Annexure forming part of these Financial Statements.

2. Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

All assets and liabilities have been classified as current and non - current as per the company's normal operating cycle and other criteria set out in the schedule III of Companies Act, 2013. Based on the Nature of Services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and Liabilities.

Further the company follows prudential norms for Income Recognition, asset classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by the Reserve Bank of India (RBI) for Non - Banking Financial Companies.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1. Significant accounting policies:**a) AS - 1 Disclosure of accounting policies :-**

The Financial statements are prepared under the accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP), and pursuant to section 133 of the companies act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, till the standards of accounting or any addendum thereto are prescribe by central government. Existing Accounting Standards notified under the companies act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006 as amended] and other relevant provisions of the companies act, 2013 (the 'Act').

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets & Liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which results are known materialized.

b) AS - 4 Contingencies and Events Occurring After the Balance Sheet Date: -

Effects of, events occurred after Balance Sheet date and having material effect on financial statements are reflected in the accounts at appropriate places.

c) AS - 5 Net Profit or loss for the period, prior period items and changes in accounting policies :-

Material items of prior period, non-recurring and extra ordinary items are shown separately, If any.

d) AS - 9 Revenue Recognition :-

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Further in accordance with the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies, income on business assets classified as Non-performing Assets, is recognized on receipt basis. Unrealized interest recognized as income in the previous period is reversed in the month in which loan is classified as Non-performing asset.

In Case of Sale of currency, Revenue is recognized on delivery of foreign currency to the buyer.

Other items of Income are accounted as and when the right to receive arises.

e) AS - 10 Accounting for Property, Plant and Equipment :-

All items of Plant, Property and Equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. All items are depreciated as per straight line method over the useful life as prescribed under Schedule II of Companies Act, 2013.

The cost of an item of property, plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

f) AS - 11 Accounting for effects of changes in foreign exchange rates :-

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

Any income or expenses on account of exchange difference either on settlement or on Balance sheet Valuation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

g) AS - 12 Accounting for Government Grants :-

Capital subsidiary receivable specific to fixed assets is treated as per accounting standard 12 and other revenue grants is recorded as revenue items.

h) AS - 15 Employees Retirement Benefit Plan :-

Provident fund is a defined contribution scheme as the company pays fixed contribution at pre-determined rates. The obligation of the company is limited to such fixed contribution. The contributions are charged to Profit & Loss A/c.

i) **AS - 16 Borrowing Cost :-**

Borrowing costs directly attributable to the acquisition of qualifying assets are capitalized till the same is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost is charged to revenue.

j) **AS - 18 Related Party Disclosure :-**

The Disclosures of Transaction with the related parties as defined in the related parties as defined in the Accounting Standard are given in notes to account.

k) **AS - 19 Accounting for Leases :-**

The Company has not entered into any lease agreements during the year.

l) **AS - 20 Earnings Per Share :-**

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The Weighted average number of equity shares outstanding during the period is adjusted for the events such as bonus issue, right issue that have changed the number of equity shares.

m) **AS - 22 Accounting for Taxes on Income :-**

Current Tax:-

Provision for current tax is made after taken into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Taxes:-

Deferred Income Tax is provided using the liability method on all temporary difference at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes.

1. Deferred Tax Assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available in the future against which this items can be utilized.
2. Deferred Tax Assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on tax rates (and the tax) that have been enacted or enacted subsequent to the balance sheet date.

n) **AS - 24 Discontinuing Operations :-**

During the year the company has not discontinued any of its operations.

o) **AS - 29 Provisions Contingent liabilities and contingent assets :-**

1. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
2. Contingent Liabilities are not recognized but are disclosed in the notes.
3. Contingent Assets are neither recognized nor disclosed in the financial statements.
4. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet Date.

Note:

Since there is no Subsidiary of reporting entity so AS - 21, 23, & 27 is not applicable.

For Doshi Maru & Associates [FRN: 0112187W]

Chartered Accountants

For and on behalf of the Board of Directors of

Karnavati Finance Limited

Hiren J. Maru	Nitixa Ramanuj	Kush R Morzaria	Raman P Morzaria	Jay R Morzaria
Partner [M. No. 115279]	Company Secretary	Chief Financial Officer	Whole Time Director	Managing Director
Place: MUMBAI	PAN: BVBP8851B	PAN: BAJPM1377E	DIN: 00203310	DIN: 02338864
Date : 27th May 2019	Place: MUMBAI	Date : 27th May 2019	Date : 27th May 2019	Place: MUMBAI

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724

Notes forming part of financial statements for the period ended 31 March 2019

NOTE No. 3 : SHARE CAPITAL

(Amount in ₹)

3	SHARE CAPITAL	AS AT 31st March 2019	AS AT 31st MARCH 2018
	AUTHORISED SHARE CAPITAL		
	1,05,00,000 Equity Shares of ₹ 10/- Each	105,000,000.00	105,000,000.00
	Issued, Subscribed & Paid-up		
	Equity Shares of ₹ 10/- Each Fully paid up	100,500,000.00	100,500,000.00
3.1	The reconciliation of Numbers of Shares outstanding is set out below:		
	Particulars	AS AT 31st March 2019	AS AT 31st MARCH 2018
		Number of Shares	Number of Shares
	Equity Shares at the beginning of the year	10050000	8360000
	Add: Shares Issued at Par	-	1690000
	Equity Shares at the end of the year	10050000	10050000
3.2	Terms/Rights attached to Equity Shares		
	The Company has only one class of equity shares having a value of Rs 10/ per share. Each holder of equity shares is entitled to one vote per shares.		
	In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the shareholders		
3.3	Details of Shareholders holding more than 5% shares in company		
		AS AT 31st March 2019	AS AT 31st MARCH 2018
		No. of Shares	% of Total Holding
	Raman Pragjibhai Morzaria	2929208	29.29%
	Kush R Morzaria	1478850	14.71%
	Jay Ramanbhai Morzaria	1157350	11.52%
	As per the record of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal & beneficial ownership of shares.		

NOTE No. 4 : RESERVES & SURPLUS

(Amount in ₹)

4	RESERVES & SURPLUS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
	Balance as per Last Financial Statement	3,652,211.26	2,409,509.00
	Add: Set aside during the Year	1,444,435.10	1,242,702.26
	Closing Balance	5,096,646.36	3,652,211.26
	General Reserve	15,000.00	15000.00
	Profit & Loss Account		
	As per Last Balance Sheet	3,276,820	(1,693,989)

4	RESERVES & SURPLUS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Add: Profit for the year	7,222,175	6,213,511
	Less: Appropriations		
	Transferred to Statutory Reserve Fund	(1,444,435)	(1,242,702)
	Provision for Reduction in Value of Investments	-	-
	Proposed Dividend	-	-
	Tax on Dividend	-	-
	Closing Balance	9,054,560.44	3,276,820.06
	Securities Premium on Equity Shares	10,140,000.00	10,140,000.00
	TOTAL	24,306,206.79	17,084,031.32

NOTE No. 5 : LONG TERM BORROWINGS

(Amount in ₹)

5	LONG TERM BORROWINGS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Secured		
	<u>Working Capital Loans</u>	-	-
	From Banks	-	-
	Foreign Currency Loans	-	-
	Rupee Loans	-	-
	<u>Term Loans</u>	-	-
	From Banks	-	-
	Rupee Loans	-	-
	Unsecured		
	<u>Other Loans & Advances</u>		
	From Directors	12,857,634	
	From Shareholders	-	-
	From Banks	-	-
	From Others	147,435,258	145,174,836
	TOTAL	160,292,892	145,174,836

NOTE No. 6 : DEFFERED TAX LIABILITY (NET)

(Amount in ₹)

6	DEFFERED TAX LIABILITY (NET)	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Deffered Tax Liability		
	Related to Fixed Assets	-	-
	TOTAL	-	-

NOTE No. 7: SHORT TERM BORROWINGS

(Amount in ₹)

7	SHORT TERM BORROWINGS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Secured		
	<u>Working Capital Loans</u>		
	From Banks		
	Foreign Currency Loans	-	-

7	SHORT TERM BORROWINGS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Rupee Loans	-	-
	<u>Term Loans</u>		
	From Banks		
	Rupee Loans	-	-
	TOTAL	-	-

NOTE No. 8 : TRADE PAYABLES

(Amount in ₹)

8	TRADE PAYABLES	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Micro, Small & Medium Enterprises		-
	Others	3,014,891	2,960,374
	TOTAL	3,014,891	2,960,374
	Details of dues to Micro, small & medium Enterprises as per MSMED Act, 2006		
	The Company has initiated the process of obtaining the confirmation from suppliers who have registered under the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act, 2006) based on information available with the company, the balance due to micro and small enterprise as defined under the MSMED Act, 2006 is NIL. No interest has been paid or payable under MSMED Act, 2006 during the year		
	There are no Due payable to small scale industries undertaking in view of the business of the company.		
8.1	The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under.		
		AS AT 31st March 2019	AS AT 31st MARCH 2018
	Principle Amount Due and Remains unpaid	-	-
	Interest due on above and the unpaid interest	-	-
	Interest Paid	-	-
	Payment made beyond the appointed day during the year	-	-
	Interest due and payable for the period of delay	-	-
	Interest Accrued and remaining unpaid	-	-
	Amount of further interest remaining due and payable in succeeding years.	-	-
	TOTAL	-	-

NOTE No. 9 : OTHER CURRENT LIABILITIES

(Amount in ₹)

9	OTHER CURRENT LIABILITIES	AS AT 31st March 2019	AS AT 31st MARCH 2018
	TDS Payable	1,559,540	691,223
	Employees Professional Tax payable		
	Statutory Dues		-
	Other Payables (Expenses)		-
	TOTAL	1,559,540	691,223

NOTE No. 10 : SHORT TERM PROVISIONS

(Amount in ₹)

10	SHORT TERM PROVISIONS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Provision for Income Tax	2,659,241	691,223
	General Provision on Standard Asset	704,334	
	Provision for audit Fees	190,000	-
	TOTAL	3,553,575	691,223

NOTE No. 11 : FIXED ASSETS

(Amount in ₹)

Sr. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01/04/2018	ADDITIONS DURING THE PERIOD	DEDUCTION DURING THE PERIOD	AS ON 31/03/2019	AS ON 01/04/2018	DEPRECIATION FOR THE PERIOD	ON DELETIONS PERIOD	UPTO 31/03/2019	AS ON 31/03/2019	AS ON 31/03/2018
	TANGIBLE ASSETS :										
	OWN ASSETS:										
1	Furniture & Fixtures										
	Furniture	1,075,368	-	-	1,075,368	526,378	114,848		641,226	434,142	548,990
2	Motor Vehicles	819,000	-	-	819,000	777,592	20,786		798,378	20,622	41,408
3	Computer										
	Computer & Printers	92,464	-	-	92,464	67,246	4,682		71,928	20,536	25,218
4	Other Assets	73,349			73,349	46,309	4,480		50,789	22,560	27,040
	SUB-TOTAL	2,060,181	-	-	2,060,181	1,417,525	144,796	-	1,562,321	497,860	642,654
	LEASE ASSETS :	-	-	-	-	-	-	-	-	-	-
	TOTAL - A	2,060,181	-	-	2,060,181	1,417,525	144,796	-	1,562,321	497,860	642,654
	INTANGIBLE ASSETS :	-	-	-	-	-	-	-	-	-	-
	TOTAL - B	-	-	-	-	-	-	-	-	-	-
	TOTAL A + B	2,060,181	-	-	2,060,181	1,417,525	144,796	-	1,562,321	497,860	642,654
	PREVIOUS YEAR	2,023,881	12,000	-	2,035,881	1,049,651	161,477	-	1,211,128	824,753	-
	CAPITAL WORK IN PROGRESS									-	-
	INTANGIBLE ASSETS UNDER DEVELOPMENT									-	-
	PREVIOUS YEAR										
	CAPITAL WORK IN PROGRESS									-	-
	INTANGIBLE ASSETS UNDER DEVELOPMENT									-	-

NOTE No. 12 : NON CURRENT INVESTMENTS

(Amount in ₹)

12	NON CURRENT INVESTMENTS		AS AT 31st March 2019	AS AT 31st MARCH 2018
	TRADE INVESTMENTS		-	-
	TOTAL OF TRADE INVESTMENTS (A)		-	-
	OTHER INVESTMENTS			
	In Equity Shares of Companies - Quoted, Fully paid-up			
	Shares :	Purchase cost	AS AT 31st March 2019	AS AT 31st MARCH 2018
	In Mutual Funds of Companies - Quoted, Fully paid-up		-	-
	Investments in Commodities		-	-
	TOTAL OF OTHER INVESTMENTS (B)		-	-
	TOTAL NON - CURRENT INVESTMENTS (A+B)		-	-

NOTE No. 13 : LONG TERM LOANS & ADVANCES

(Amount in ₹)

13	LONG TERM LOANS & ADVANCES	AS AT 31st March 2019	AS AT 31st MARCH 2018
	TDS Credit	661,702.00	294,403.00
	Loans & Advances		
	Deposits	2,000.00	2,000.00
	GST Credit	181,510.94	68,387.66
	TOTAL	845,212.94	364,790.66

NOTE No. 14 : CURRENT INVESTMENTS

(Amount in ₹)

14	CURRENT INVESTMENTS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Others	-	-
	TOTAL	-	-

NOTE No. 15 : INVENTORIES

(Amount in ₹)

15	INVENTORIES	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Foreign Currency Stock	16,598.40	16598.40
	TOTAL	16,598.40	16598.40

NOTE No. 16 : TRADE RECEIVABLES

(Amount in ₹)

16	TRADE RECEIVABLES	AS AT 31st March 2019	AS AT 31st MARCH 2018
	More than Six Months	25,000.00	-
	Others	-	-
	TOTAL	25,000.00	-

NOTE No. 17 : CASH & CASH EQUIVALENTS

(Amount in ₹)

17	CASH & CASH EQUIVALENTS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Balance with Banks	2,919,187.18	4,280,978.67
	Cash In Hand	1,540,177.44	126,509.44
	Fixed Deposits with Banks (Maturity of Less than 12 Months)		
	EEFC A/c		
	TOTAL	4,459,364.62	4,407,488.11

NOTE No. 18 : SHORT TERM LOANS & ADVANCES

(Amount in ₹)

18	SHORT TERM LOANS & ADVANCES	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Unsecured (including overdue loans)		
	Standard Assets	281,733,475.00	258,713,106.00
	Sub-standard Assets	16,129,051.00	10,948,069.00
	Doubtful Assets	4,409,942.00	3,495,267.00
		302,272,468.00	273,156,442.00
	Less: Provision of Interest and Income Reversal	(9,510,301.00)	(6,328,427.00)
		292,762,167.00	266,828,015.00
	Provisions for NPA	(6,727,180.79)	(5,236,856.67)
	Net Loans Unsecured	286,034,986.21	261,591,158.33
	TOTAL	286,034,986.21	261,591,158.33

NOTE No. 19 : OTHER CURRENT ASSETS

(Amount in ₹)

19	OTHER CURRENT ASSETS	AS AT 31st March 2019	AS AT 31st MARCH 2018
	Income Tax Refundable	171,680.00	70,860.00
	Advance Tax	829,000.00	2,052,918.00
	Other Current Assets	-	-
	TOTAL	171,680.00	2,123,778.00

NOTE No. 20 : REVENUE FROM OPERATION

(Amount in ₹)

20	REVENUE FROM OPERATION	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Finance Charges		
	Interest Income	32,401,510.00	20,012,675.00
	Processing Charges	-	-
	Net Sales		
	AED Sales	-	-
	USD Sales	-	184,800.00
	TOTAL	32,401,510.00	20,197,475.00

NOTE No. 21 : OTHER INCOME

(Amount in ₹)

21	OTHER INCOME	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Provision and Write offs		
	General Provision on Standard Asset Reversal/ (Provision)	-	(424,422.65)
	Provision for Non-Performing Assets (as per RBI Norms)	-	1,084,360.33
	Discount Received		555.00
	Bank Interest	-	58.15
	TOTAL	-	660,550.83

NOTE No. 22 : COST OF PURCHASE

(Amount in ₹)

22	COST OF PURCHASE	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	USD Purchase		
	LOCAL	-	163,750
	TOTAL	-	163,750

NOTE No. 23 : CHANGES IN INVENTORIES OF FOREIGN CURRENCY

(Amount in ₹)

23	CHANGES IN INVENTORIES OF FOREIGN CURRENCY	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Inventories (At Close)		
	Closing Stock of Foreign Currency	16,598.40	16,598.40
	Inventories (At Commencement)		
	Opening Stock of Foreign Currency	16,598.40	35,962.40
	TOTAL	-	19,364.00

NOTE No. 24 : EMPLOYEES BENEFIT EXPENSES

(Amount in ₹)

24	EMPLOYEES BENEFIT EXPENSES	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Salaries & Bonus	1,530,666.00	1,931,476.00
	Director's Remuneration	1,200,000.00	750,000.00
	Staff Welfare Expenses	54,225.20	
	TOTAL	2,784,891.20	2,681,476.00

NOTE No. 25 : FINANCE COST

(Amount in ₹)

25	FINANCE COST	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Interest on Income Tax	-	-
	Other Interest Expenses	15,763,274.14	6,787,853.00
	TOTAL	15,763,274.14	6,787,853.00

NOTE No. 26 : DEPRICIATION & AMORTIZATION EXPENSES

(Amount in ₹)

26	DEPRICIATION & AMORTIZATION EXPENSES	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Depreciation	114,796.00	206,397.00
	Preliminary Expenses Written off	-	-
	TOTAL	114,796.00	206,397.00

NOTE No. 27 : OTHER EXPENSES

(Amount in ₹)

27	OTHER EXPENSES	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Indirect Expenses		
	ROC Fees	11,700.00	55,700.00
	Advertisement Expenses	107,512.00	52,068.00
	Annual Fees Expenses	409,955.20	412,581.00
	Audit Fees	190,000.00	209,600.00
	Bank Charges	13,032.31	20,460.20
	Electric Expenses	39,781.00	18,477.00
	Electric Fitting Expenses	-	9,144.00
	Foreign Investment Monitoring Charges	10,000.00	-
	House Keeping Expenses	12,000.00	36,000.00
	Insurance Charges	15,252.00	
	Internet Expenses	15,420.00	7,950.00
	Interest on TDS	6,708.00	4,728.00
	Kasar	2.46	(262.52)
	Listing Expenses	-	318,600.00
	Membership Fees	11,249.00	-
	NPA Provision	1,567,041.12	-
	News Paper Expenses	1,700.00	6,800.00
	Office Expenses	3,044.17	40,407.00

27	OTHER EXPENSES	For The Year Ended On 31st March 2019	For The Year Ended On 31st March 2018
	Office Rent	600,000.00	285,000.00
	Postage & Courier Expenses	4,296.00	7,027.03
	Printing & Stationery Expenses	17,274.50	58,416.00
	Professional Fees	105,900.00	350,700.00
	Professional tax for Employee	5,100.00	-
	Software Renewal Fees	18,005.00	-
	Statutory Expenses	3,693.00	398,887.00
	Tea & Coldrinks Expenses	38,310.00	57,799.00
	Telephone Expenses	11,749.00	15,483.00
	Travelling Expenses	222,818.74	45,082.00
	Vehicle Expenses	270,252.07	99,605.80
	Website Domain Expenses	12,650.00	21,000.00
	Write Off	115,922.00	154,557.00
	TOTAL	3,840,367.57	2,685,809.51

28. Related Party Disclosure :-

The Disclosures of Transaction with the related parties as defined in the in the Accounting Standard are as follows:

i) Details of Related parties involved:

Name of the person	Relation With Company
Mr. Raman Morzaria	Whole Time Director (Promoter)
Mr. Jay Raman Morzaria	Managing Director (Promoter)
Mr. Kush Raman Morzaria	Chief Financial Officer (CFO-KMP) (Promoter Group)
Mr. Parth chandreshbhai maniar	Non- Executive-(Independent) Director
Mrs. Birmda Minoobhai Maniar	Non- Executive-(Independent) Director
Ms. Nitixa Ramanuj	Company Secretary (KMP)

ii) Related Parties which are Director/Designated partner in other Entities:

Sr. No.	Name of Related Party	Nature of Interest	
		Name of the Entities	Nature of Interest
1.	Mr. Raman Pragjibhai Morzaria	Vraj Kamman Real Estate Developers Private Limited	Director (Promoter) and Member
		Midas Impex Private Limited	Director (Promoter) and Member
		Vraj Construction Private Limited	Director (Promoter) and Member
		Vrajkamman Sai Hospitality Private Limited	Director
2.	Mr. Jay Raman Morzaria	Vraj Kamman Real Estate Developers Private Limited	Director (Promoter) And Member
		Midas Impex Private Limited	Director (Promoter) And Member
		Vraj Construction Private Limited	Director (Promoter) And Member
		Vrajkamman Sai Hospitality Private Limited	Director
		Vraj Kamman Developers LLP	Designated Partner
		Vraj Bvg Infrasheltors LLP	Designated Partner
3	Mr. Kush Raman Morzaria	Vraj Devcon Private Limited	Director
		Vraj Construction Private Limited	Director (Promoter) and Member
		Vraj Bvg Infrasheltors LLP	Designated Partner

Sr. No.	Name of Related Party	Nature of Interest	
		Name of the Entities	Nature of Interest
4.	Mr. Parth Chandreshbhai Maniar	NIL	NIL
5.	Mrs. Birmda Minoobhai Bilimoria	NIL	NIL
6.	Ms. Nitixa Ramanuj	NIL	NIL

iii) Transactions With Related Parties:

Sr. No.	Name of the person	Nature of Transaction	Amount (Rs.)
1.	Mr. Raman Morzaria	Remuneration	6,00,000.00
2.	Mr. Raman Morzaria	Rent	6,00,000.00
3.	Mr. Raman Morzaria	Interest on Loan	5,85,103.00
4.	Mr. Kush Morzaria	Salary	3,25,000.00
5.	Mr. Jay Morzaria	Remuneration	6,00,000.00
6.	Mr. Jay Morzaria	Interest on Loan	6,66,592.00
7.	Ms. Nitixa Ramanuj	Salary	3,25,000.00

iv) Loan Details from related parties:

Name of person	Balance as on 01-04-2018	Addition during the period	Repayment during the period	Balance as on 31-03-2019
Raman Morzaria	0	1,84,63,926.00	1,25,52,110.00	63,11,816.00
Jay Morzaria	0	5,45,66,592.00	4,80,20,774.00	65,45,818.00

29. The previous year's figures have been reworked, regrouped, and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

30. Credit and Debit balances of unsecured loans, sundry creditors, sundry Debtors, loans and Advances are subject to confirmation and therefore the effect of the same on profit could not be ascertained.

For Doshi Maru & Associates [FRN: 0112187W]

For and on behalf of the Board of Directors of

Chartered Accountants

Karnavati Finance Limited

Hiren J. Maru Partner [M. No. 115279] Place: MUMBAI Date : 27th May 2019	Nitixa Ramanuj Company Secretary PAN: BVBPR8851B Place: MUMBAI	Kush R Morzaria Chief Financial Officer PAN: BAJPM1377E Date : 27th May 2019	Raman P Morzaria Whole Time Director DIN: 00203310 Date : 27th May 2019	Jay R Morzaria Managing Director DIN: 02338864 Place: MUMBAI
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the Members of Karnavati Finance Limited will be held at the Registered Office of the Company situated at 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400 064, Maharashtra on Wednesday, September 25, 2019 at 10.00 A.M. to transact the following businesses:

Ordinary Businesses:-

1. To receive, consider and adopt audited financial statement of the Company for the financial year ended on March 31, 2019 and the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Raman Morzaria (DIN: 00203310), Whole-Time Director of the Company, who retires by rotation and being eligible, seek re-appointment.

Explanation: Based on the terms of appointment, executive directors are subject to retirement by rotation. Mr. Raman Morzaria (DIN 00203310), who was appointed as Whole-Time Director, and is the longest-serving member on the Board, retires by rotation and, being eligible, seeks re-appointment.

To the extent that Mr. Raman Morzaria (DIN 00203310) is required to retire by rotation, he would need to be reappointed as such. Therefore, shareholders are requested to consider and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded to the reappointment of Mr. Raman Morzaria (DIN 00203310) as such, to the extent that he is required to retire by rotation."

Special Businesses:-

3. Re-appointment of Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION.

"RESOLVED THAT, pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013, and Schedule V of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, regulations issued by the Ministry of Corporate Affairs in this regard and Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable Regulations of SEBI (LODR) Regulations, 2015 including any statutory amendments, modifications or re-enactment thereof and all other statutory approvals, as may be required and on recommendation of Nomination and Remuneration Committee and pursuant to approval of the Board of Directors (hereinafter referred to as "the board" which term shall include Nomination & Remuneration Committee of the Board), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director for further period of five (5) years from the expiry of his present term of office, that is, with effect from July 01, 2019 to June 30, 2024, liable to retire by rotation and on such terms and conditions including salary and perquisites (hereinafter referred to as "remuneration") as set out in the explanatory statement annexed to this notice with the power to the board to alter and modify the same, inconsonance with the provisions of the Act and in the best interest of the Company.

RESOLVED FURTHER THAT, subject to the provisions of Section 197 the Companies Act, 2013 as amended from time and time, the Remuneration payable to Mr. Raman Morzaria (DIN: 00203310) as set out in the explanatory statement attached hereto, in the event of loss or inadequacy of profit in any Financial Year, shall be as per the limit set out in Section II of Part II of Scheduled V to the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the board be and is hereby authorized to undertake all acts, deeds and execute all documents and pass relevant resolutions for the purpose of giving effect to this resolution, from time to time and to undertake all such steps, as may be deemed necessary in this matter."

RESOLVED FURTHER THAT in terms of Section 190 of the Companies Act, 2013, no formal contract of service with Mr. Raman Morzaria (DIN: 00203310) will be executed and this resolution along with its explanatory statement be considered as Memorandum setting out terms and conditions of appointment and remuneration of Mr. Raman Morzaria (DIN: 00203310) as Whole-Time Director.

RESOLVED FURTHER THAT the Executive Directors and the Company Secretary of the Company, either jointly or severally be and are hereby authorized to file the said resolution with the Registrar of Companies, Mumbai, and to do all such acts, deeds and things as may be necessary, expedient and incidental thereto to give effect to the above resolution."

4. Re-appointment of Mr. Jay Morzaria (DIN: 02338864) as a Chairman and Managing Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION.

"RESOLVED THAT, pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013, and Schedule V of the Act read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable rules, regulations issued by the Ministry of Corporate Affairs in this regard and Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable Regulations of SEBI (LODR) Regulations, 2015 including any statutory amendments, modifications or re-enactment thereof and all other statutory approvals, as may be required and on recommendation of Nomination and Remuneration Committee and pursuant to approval of the Board of Directors (hereinafter referred to as "the board" which term shall include Nomination & Remuneration Committee of the Board), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Jay Morzaria (DIN: 02338864) as a Chairman and Managing Director for further period of five (5) years from the expiry of his present term of office, that is, with effect from July 01, 2019 to June 30, 2024, liable to retire by rotation and on such terms and conditions including salary and perquisites (hereinafter referred to as "remuneration") as set out in the explanatory statement annexed to this notice with the power to the board to alter and modify the same, inconsonance with the provisions of the Act and in the best interest of the Company.

RESOLVED FURTHER THAT, subject to the provisions of Section 197 the Companies Act, 2013 as amended from time and time, the Remuneration payable to Mr. Jay Morzaria (DIN: 02338864) as set out in the explanatory statement attached hereto, in the event of loss or inadequacy of profit in any Financial Year, shall be as per the limit set out in Section II of Part II of Scheduled V to the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the board be and is hereby authorized to undertake all acts, deeds and execute all documents and pass relevant resolutions for the purpose of giving effect to this resolution, from time to time and to undertake all such steps, as may be deemed necessary in this matter."

RESOLVED FURTHER THAT in terms of Section 190 of the Companies Act, 2013, no formal contract of service with Mr. Jay Morzaria (DIN: 02338864) will be executed and this resolution along with its explanatory statement be considered as Memorandum setting out terms and conditions of appointment and remuneration of Mr. Jay Morzaria (DIN: 02338864) as Chairman and Managing Director.

RESOLVED FURTHER THAT the Executive Directors and the Company Secretary of the Company, either jointly or severally be and are hereby authorized to file the said resolution with the Registrar of Companies, Mumbai, and to do all such acts, deeds and things as may be necessary, expedient and incidental thereto to give effect to the above resolution."

5. Approval and Ratification of Material Related Party Transactions.

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

"RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR") and such other provisions of law as was applicable and as may be amended from time to time, consent of the Members of the Company, be and is hereby accorded to the Board of Directors and/or duly constituted Committee thereof for the following arrangements/ transactions/ contracts (including any other transfer of resources, services or obligations) hitherto entered or to be entered into by the Company and also for every financial year hereafter:

Details of Related Party Transactions/ Arrangements/ Contracts per Financial Year

Sr. No.	Name of Related Party	Nature of Relationship	Type of Transaction(s)	Maximum Value* of Transaction in every financial year
1.	Mr. Jay Morzaria	Chairman and Managing Director	Receipt of Unsecured Loan from him and payment of Interest thereon at rate not exceeding the Bank Rate or 8.00%, whichever is higher	Up to ₹ 10.00 Crore individually or in aggregate and payment of interest thereon not exceeding the Bank Rate or 8.00%, whichever is higher
2.	Mr. Reman Morzaria	Whole-time Director	Receipt of Unsecured Loan from him and payment of Interest thereon at rate not exceeding the Bank Rate or 8.00%, whichever is higher	Up to ₹ 10.00 Crore individually or in aggregate and payment of interest thereon not exceeding the Bank Rate or 8.00%, whichever is higher

*Expected maximum value over 3 financial years starting from 2018-19.

RESOLVED FURTHER THAT the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company and/or a duly constituted Committee thereof, to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation/ renegotiation/ modification/ ratification/ amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/ pay monies or to perform all other obligations in terms of such arrangements/ transactions/ contracts with the Related parties.

RESOLVED FURTHER THAT the consent of the Company, be and is hereby accorded to the Board of Directors of the Company and/or a duly constituted Committee thereof, to severally do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any of the transactions with the related parties and severally execute such contracts, agreements, documents and writings and to make such filings, as may be necessary, expedient or desirable for the purpose of giving full effect to this resolution, in the best interest of the Company."

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

By order of the Board
For, Karnavati Finance Limited

Place: Mumbai

Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Notes:

- The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the businesses under Item No. 3 to 5 of the Notice, is annexed hereto. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards-2 issued by ICSI for the Item Nos. 2 to 4 of the Notice are also annexed.
- A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company.**
A person can act as proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before Monday, September 23, 2019 at 10.00 A.M.). A proxy form for the AGM is enclosed. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.
During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the Company.
- Members/Proxies should bring their Attendance slip duly signed and completed for attending the AGM. The signature of the attendance slip should match with the signature(s) registered with the Company. Members holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.
- Corporate members, intending to send their authorized representatives to attend the AGM, are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the AGM.
- In case of joint holders attending the AGM together, only holder whose name appearing first will be entitled to vote.
- The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 19, 2019 to Wednesday, September 25, 2019 (both days inclusive) for the purpose of thirty fifth AGM and same will be re-opened from Thursday, September 26, 2019 onwards.
- The route map showing directions to reach the venue of the thirty fifth AGM is provided at the end of this Notice.
- To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for

long period of time. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

9. The members who holds shares of the Company in Physical form are informed that the company is in process of updating records of the shareholders in order to reduce the physical documentation as far as possible. In line with new SEBI Circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, it is mandatory for all the investors including transferors to complete their KYC information. Hence, members are requested to update and intimate their PAN, phone no., e-mail id, Bank details including bank name, bank account number, branch details, MICR code and IFSC code and such other information to the Company's Registrars and Transfer Agents, Satellite Corporate Services Private Limited ("SCSPL"). Members are further requested to update their current signature in SCSPL system. The Performa of updating of Shareholder information is provided at the end of Annual Report .
10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents to provide efficient and better services.
11. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to SCSPL at earliest.
12. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact SCSPL for assistance in this regard.
13. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to SCSPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
14. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The Nomination Form can be obtained from the SCSPL. Members holding shares in physical form may submit the same to SCSPL. Members holding shares in electronic form may submit the same to their respective depository participant.
15. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request every member to update their email address with concerned Depository Participant and SCSPL to enable us to send you the communications via email.
16. The Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2018-19 will also be available on the Company's website viz. www.karnavatifinancelimited.com.
17. Pursuant to the provisions of Sections 124 and 125 of the Act, there is no amount of Dividend remaining unclaimed / unpaid for a period of 7 (seven) years and/or unclaimed Equity Shares which are required to be transferred to the Investor Education and Protection Fund (IEPF).
18. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
19. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
20. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Annual General Meeting.
21. All documents specifically referred to in this Notice are opened for inspection at the registered office of the Company between 02.00 p.m. to 04.00 p.m. on all working days (except Saturdays, Sundays and Holidays) up to the date of AGM.
22. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by National Securities Depository Limited (NSDL), on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through remote e-voting and voting at the AGM is/are deemed to have been passed as if they have been passed at the AGM. Since the resolutions as set out in the notice are being conducted through e-voting, the said resolutions will not be decided on a show of hands in terms of provisions of Section 107 of the Companies Act, 2013 at the Annual General Meeting (AGM)
23. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Wednesday, September 18, 2019. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
24. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date and holds share as on cut-off date i.e. Wednesday, September 18, 2019 shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or through the Poll Paper at the AGM by following the procedure mentioned in this part.
25. The remote e-voting will commence on Sunday, September 22, 2019 at 09:00 A.M. and will end on Tuesday, September 24, 2019 at 05.00 P.M. During this period, the members of the Company holding shares either in physical form or in demat form as on the Cut-off date i.e. Wednesday, September 18, 2019, may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by NSDL thereafter. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
26. The facility for voting through Poll Paper would be made available at the AGM and the members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the meeting through Poll Paper. The

members who have already cast their vote by remote e-voting prior to the meeting may also attend the Meeting, but shall not be entitled to cast their vote again.

27. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. Wednesday, September 18, 2019.
28. The Company has appointed CS Aanand S. Lavingia, Practicing Company Secretary (Membership No. ACS: 26458; CP No: 11410), to act as the Scrutinizer for conducting the remote e-voting process as well as the voting through Poll Paper at the AGM, in a fair and transparent manner.
29. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutiner, by use of poll papers for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
30. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutiner's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
31. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.karnavatifinancelimited.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
32. **The instructions for e-voting are as under:**
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
 - Step 1. Open email and open PDF file viz; "Karnavati Finance Limited remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - Step 2. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - Step 3. Click on Shareholder - Login.
 - Step 4. Put user ID and password as initial password/PIN noted in step 1 above. Click Login.
 - Step 5. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - Step 6. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - Step 7. Select "REVEN" of Karnavati Finance Limited.
 - Step 8. Now you are ready for remote e-voting as Cast Vote page opens.
 - Step 9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted. Upon confirmation, the message "Vote cast successfully" will be displayed.

Note that once you have voted on the resolution, you will not be allowed to modify your vote.

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to karnavatifinance@gmail.com with a copy marked to evoting@nsdl.co.in.
 - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
 - Step 1. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
 - Step 2. Please follow all steps from Step 2 to Step 9 above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. Wednesday, September 18, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com.

Annexure to Notice - Explanatory Statement

pursuant to Section 102 of the Companies Act, 2013 and Secretary Standard 2 on General Meetings

Item No. 3

The Board of Directors of the company ("the board") at its meeting held on June 10, 2014 had appointed Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director of the company for a period of 5 years w.e.f. July 01, 2014 and the same was approved by the members of the company in their meeting held on July 05, 2014. The said period of appointment was expired on June 30, 2019. So, the Board of Directors of the company at its meeting held on June 28, 2019 has, subject to the approval of members, re-appointed Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director for a further period of five (5) years w.e.f. July 1, 2019, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee has noted that the Company has not made any default in repayment of its dues to Banks or Financial Institutions.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director, in terms of the applicable provisions of the Act.

Further, in terms of SEBI (Listing Obligations and Disclosure Requirement) Amendment Regulations, 2018 the remuneration of the Promoter Executive Directors shall not exceed ₹ 5,00,00,000 (Rupees Five crore) or 2.5% of net profits whichever is higher or there is more than one Executive Directors, the aggregate annual remuneration to such directors is exceeds 5% of the net profit. The prescribed resolution required approval of Shareholders of the company as special resolution under these regulations.

Further, as per the provisions of Section 197 the Companies Act, 2013 as amended from time to time, the minimum Remuneration payable to Mr. Raman Morzaria (DIN: 00203310), in the event of loss or inadequacy of profit in any Financial Year, shall be as per the limit set out in be Section II of Part II of Scheduled V to the Companies Act, 2013 or any other applicable limits, as provided by the Central Government in this regard, from time to time.

Pursuant to Sections 196, 197, 198, 203 and all other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirement) Amendment Regulations, 2018, the re-appointment of remuneration payable to Mr. Raman Morzaria (DIN: 00203310) as Whole-Time Director is now being placed before the Members for their approval by way of Special Resolution.

Terms and Conditions along with brief details of director seeking re-appointment at the annual General Meeting:

Disclosure as required under Schedule V of the Companies Act, 2013

General Information

Nature of Industry:

Company is basically a Non-banking Finance Company registered with Reserve Bank of India under section 45IA of the RBI Act, 1934 having certificate number 13.00064 dated February 24, 1998.

Date of Commercial Production: Not Applicable.

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.

Financial performance based on given indicators:

(Amount in ₹)

Financial Parameters	Financial Year 2018-19	Financial Year 2017-18
Gross Income	3,24,01,510	2,01,97,475
Net profit as per Profit and Loss account	72,22,175	62,13,511

Export performance and net foreign exchange: During the year under review, the company does not have any export performance and net foreign exchange earnings.

Foreign Investment and collaborations, if any: Not Applicable.

Information about the Whole-Time Director:

Background Details: Mr. Raman Morzaria aged 56 years is one of the core promoters of the company. He has an overall experience of 32 years in the field of finance and real estate development and he is driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is on our Board since acquisition and is responsible for strategic planning and administration of our Company. The Board of Directors of the Company in their Meeting held on June 10, 2014 has appointed Mr. Raman Morzaria as Whole-Time Director of the Company for a period of 5 years w. e. f. July 1, 2014 and the same was approved by the Members of the Company in their Meeting held on July 5, 2014. The said period of appointment was expired on June 30, 2019. So, the Board of Directors of the company at its meeting held on June 28, 2019 has, subject to the approval of members, re-appointed Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director, designated as Executive Director, for a further period of five (5) years w.e.f. July 1, 2019, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the board and approved by the board.

Past Remuneration: ₹ 50,000 Per Month

Recognition of Award: None

Job Profile and his suitability: Mr. Raman Morzaria has an overall experience of 32 years in the field of finance and real estate development and he is driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is the right person for dealing and managing the whole affairs of the company and therefore the board of directors has appointed him as a whole- time director of the company.

Remuneration Proposed: up to ₹ 1,00,000/- per month.

Comparative remuneration profile with respect to Industry, Size of the company, Profile of the position and person:

Mr. Raman Morzaria has a very vast experience in the field of finance and real estate development. The present job of Mr. Raman Morzaria is to manage the whole affairs of the company under the supervision of Board. Accordingly, keeping in the view present market scenario of pay package being offered by NBFC, the proposed remuneration package matches to the prevailing remuneration package in the concerned industry , size of the company, profile of the person.

Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel:

Except to the extent of his employment and holding of his shares in the company, Mr. Raman Morzaria is Father of Mr. Jay Morzaria (Chairman and Managing director of the company) & Mr. Kush Morzaria (Chief Financial Officer), he has not directly or indirectly has any relationship with the managerial personnel of the company.

Other Information:**Reasons for loss or inadequate profit:**

Company has not incurred any loss in the preceding financial year. Further, due to increase in finance cost, Company has not earned adequate profit during the financial year 2018-19.

Steps taken or proposed to be taken for improvement:

Company is Non-banking Finance Company registered with RBI under section 45IA of RBI Act, 1934 and has taken FFMC Licence from RBI for acting as a Full Fledged Money Changer. Further the company has added more products like auto loan, loan against securities and loan against property to its portfolio there by increasing the business of the company. Further the company is also in process of opening various branches of FFMC in various cities in near future. So, taking in to consideration the above mentioned events, it is expected that the performance of the company will accordingly improve as compared to the current situation.

Expected increase in productivity and profits in measurable terms:

The company expects a significant increase in turnover as well as the profitability on accounts of the steps mentioned above.

The Board of Directors is of the view that the re-appointment of Mr. Raman Morzaria (DIN: 00203310) as Whole-Time Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience and accordingly recommends the Special Resolution at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

Save and except Mr. Raman Morzaria, Mr. Jay Morzaria, Mr. Kush Morzaria and relatives of Mr. Raman Morzaria to the extent their shareholding in the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 3.

The statement of additional information required to be disclosed as per Secretarial Standard II issued by ICSI is attached at the end of this Explanatory Statement and must be read as the part of this Notice.

Item No. 4

The Board of Directors of the company ("the board") at its meeting held on June 10, 2014 had appointed Mr. Jay Morzaria (DIN: 02338864) as a Managing Director of the company for a period of 5 years w.e.f. July 01, 2014 and the same was approved by the members of the company in their meeting held on July 05, 2014. Later on, the Board of Directors also designated Mr. Jay Morzaria (DIN: 02338864) as Chairman of the Company. The term of appointment of Mr. Jay Morzaria (DIN: 02338864) was expired on June 30, 2019. So, the Board of Directors of the company at its meeting held on June 28, 2019 has, subject to the approval of members, re-appointed Mr. Jay Morzaria (DIN: 02338864) as a Chairman and Managing Director for a further period of five (5) years w.e.f. July 1, 2019, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee has noted that the Company has not made any default in repayment of its dues to Banks or Financial Institutions.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Mr. Jay Morzaria (DIN: 02338864) as a Chairman and Managing Director in terms of the applicable provisions of the Act.

Further, in terms of SEBI (Listing Obligations and Disclosure Requirement) Amendment Regulations, 2018 the remuneration of the Promoter Executive Directors shall not exceed ₹ 5,00,00,000 (Rupees Five crore) or 2.5% of net profits whichever is higher or there is more than one Executive Directors, the aggregate annual remuneration to such directors is exceeds 5% of the net profit. The prescribed resolution required approval of Shareholders of the company as special resolution under these regulations.

Further, as per the provisions of Section 197 the Companies Act, 2013 as amended from time to time, the minimum Remuneration payable to Mr. Jay Morzaria (DIN: 02338864), in the event of loss or inadequacy of profit in any Financial Year, shall be as per the limit set out in be Section II of Part II of Scheduled V to the Companies Act, 2013 or any other applicable limits, as provided by the Central Government in this regard, from time to time.

Pursuant to Sections 196, 197, 198, 203 and all other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirement) Amendment Regulations, 2018, the re-appointment of and remuneration payable to Mr. Jay Morzaria (DIN: 02338864) as Chairman and Managing Director is now being placed before the Members for their approval by way of Special Resolution.

Terms and Conditions along with brief details of director seeking re-appointment at the annual General Meeting:**Disclosure as required under Schedule V of the Companies Act, 2013****General Information****Nature of Industry:**

Company is basically a Non-banking Finance Company registered with Reserve Bank of India under section 45IA of the RBI Act, 1934 having certificate number 13.00064 dated February 24, 1998.

Date of Commercial Production: Not Applicable.

In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.

Financial performance based on given indicators:

(Amount in ₹)

Financial Parameters	Financial Year 2018-19	Financial Year 2017-18
Gross Income	3,24,01,510	2,01,97,475
Net profit as per Profit and Loss account	72,22,175	62,13,511

Export performance and net foreign exchange: During the year under review, the company does not have any export performance and net foreign exchange earnings.

Foreign Investment and collaborations, if any: Not Applicable.

Information about the Whole-Time Director:

Background Details: Mr. Jay Morzaria aged 30 years is core promoter of our company. He has completed bachelor of commerce from Mumbai University and law graduation in the year 2012 from Mumbai University. He has an overall experience of seven years in the field of finance and construction business. The Board of Directors of the Company in their Meeting held on June 10, 2014 has appointed Mr. Jay Morzaria as a Managing Director of the Company for a period of 5 years w. e. f. July 1, 2014 and the same was approved by the Members of the Company in their Meeting held on July 5, 2014. The said period of appointment was expired on June 30, 2019. So, the Board of Directors of the company at its meeting held on June 28, 2019 has, subject to the approval of members, re-appointed Mr. Jay Morzaria (DIN: 02338864) as a Chairman & Managing Director, designated as a Chairperson & Executive Director, for a further period of five (5) years from the expiry of his present term, that is June 30, 2019, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee of the board and approved by the board.

Past Remuneration: ₹ 50,000 Per Month

Recognition of Award: None

Job Profile and his suitability: Mr. Jay Morzaria has completed bachelor of commerce from Mumbai University and law graduation in the year 2012 from Mumbai University. He has an overall experience of seven years in the field of finance and construction business. He is the right person for dealing and managing the affairs of the company and therefore the board of directors has appointed him as a managing director.

Remuneration Proposed: up to ₹ 1,00,000/- per month.

Comparative remuneration profile with respect to Industry, Size of the company, Profile of the position and person:

Mr. Jay Morzaria has a very vast experience in the field of finance and construction business. The present job of Mr. Jay Morzaria is to manage the affairs of the company under the supervision of Board. Accordingly, keeping in the view present market scenario of pay package being offered by NBFC, the proposed remuneration package matches to the prevailing remuneration package in the concerned industry, size of the company, profile of the person.

Pecuniary relationship directly or indirectly with the company or relationship with managerial personnel:

Except to the extent of his employment and holding of his shares in the company, Mr. Jay Morzaria is son of Mr. Raman Morzaria (Whole-Time director of the company) & brother of Mr. Kush Morzaria (Chief Financial Officer), he has not directly or indirectly has any relationship with the managerial personnel of the company.

Other Information:

Reasons for loss or inadequate profit:

Company has not incurred any loss in the preceding financial year. Further, due to increase in finance cost, Company has not earned adequate profit during the financial year 2018-19.

Steps taken or proposed to be taken for improvement:

Company is Non-banking Finance Company registered with RBI under section 45IA of RBI Act, 1934 and has taken FFMC Licence from RBI for acting as a Full Fledged Money Changer. Further the company has added more products like auto loan, loan against securities and loan against property to its portfolio there by increasing the business of the company. Further the company is also in process of opening various branches of FFMC in various cities in near future. So, taking in to consideration the above mentioned events, it is expected that the performance of the company will accordingly improve as compared to the current situation.

Expected increase in productivity and profits in measurable terms:

The company expects a significant increase in turnover as well as the profitability on accounts of the steps mentioned above.

The Board of Directors is of the view that the re-appointment of Mr. Jay Morzaria (DIN: 02338864) as Chairman and Managing Director will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience and accordingly recommends the Special Resolution at Item No. 4 of the accompanying Notice for approval by the Members of the Company.

Save and except Mr. Jay Morzaria, Mr. Raman Morzaria, Mr. Kush Morzaria and relatives of Mr. Jay Morzaria to the extent their shareholding in the Company, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No. 4.

The statement of additional information required to be disclosed as per Secretarial Standard II issued by ICSI is attached at the end of this Explanatory Statement and must be read as the part of this Notice.

Item No. 5

Pursuant to the provision of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), all material related party transactions shall require the approval of the shareholders.

Accordingly, the approval of the shareholders by way of an Ordinary Resolution is sought under Regulation 23 of LODR for arrangements/ transactions/ contracts hitherto entered or to be enter into with Related Parties in one or more tranches. The particulars of the Related Party Transactions for which approval/ratification of the Members is sought, are as follows:

Details of Related Party Transactions/ Arrangements/ Contracts per Financial Year

Sr. No.	Name of Related Party	Nature of Relationship	Type of Transaction(s)	Maximum Value* of Transaction in every financial year
1.	Mr. Jay Morzaria	Chairman and Managing Director	Receipt of Unsecured Loan from him and payment of Interest thereon at rate not exceeding the Bank Rate or 8.00%, whichever is higher	Up to ₹ 10.00 Crore individually or in aggregate and payment of interest thereon not exceeding the Bank Rate or 8.00%, whichever is higher
2.	Mr. Raman Morzaria	Whole-time Director	Receipt of Unsecured Loan from him and payment of Interest thereon at rate not exceeding the Bank Rate or 8.00%, whichever is higher	Up to ₹ 10.00 Crore individually or in aggregate and payment of interest thereon not exceeding the Bank Rate or 8.00%, whichever is higher

*Expected maximum value over 3 financial years starting from 2018-19.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out in Item No. 5 of the accompanying Notice. This resolution enables the Board of Directors of the Company to approve related party transactions, as may be required by the Company, from time to time, and also ratification of existing arrangements/ transactions/ contracts entered into by the Company till the date of the said resolution coming into effect.

Moreover, by the proposed resolution, approval of the members is also sought for the material related party arrangements/ transactions/ contracts for the next three financial years starting from 2018-19 with the various specified related parties.

The aforesaid related party transactions do not fall under the purview of Section 188 of the Companies Act, 2013. However, the same are covered by Ind AS - 24/ Accounting Standard 18 and hence, the approval of the members is sought by way of Ordinary resolution under Regulation 23 of the Listing Regulations. All documents and papers connected with this resolution are available for inspection at the registered office of the Company on all working days during normal business hours of the Company.

Accordingly the Board of Directors recommends the Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company.

Except Mr. Jay Morzaria, Mr. Raman Morzaria and Mr. Kush Morzaria and their relatives, none of the Promoter(s), Director(s), Manager(s) and Key Managerial Personnel(s) and their relative(s) is/are, in any way, concerned or interested in the said resolution, except to the extent of their equity shareholdings in the Company.

Registered Office

705, Palm Spring Centre, Above Croma, Near New Infinity Mall,
Link Road, Malad (West), Mumbai - 400064, Maharashtra.

By order of the Board
For, Karnavati Finance Limited

Place: Jamnagar
Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

Disclosure under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2 issued by ICSI for Item No. 2 to 4:

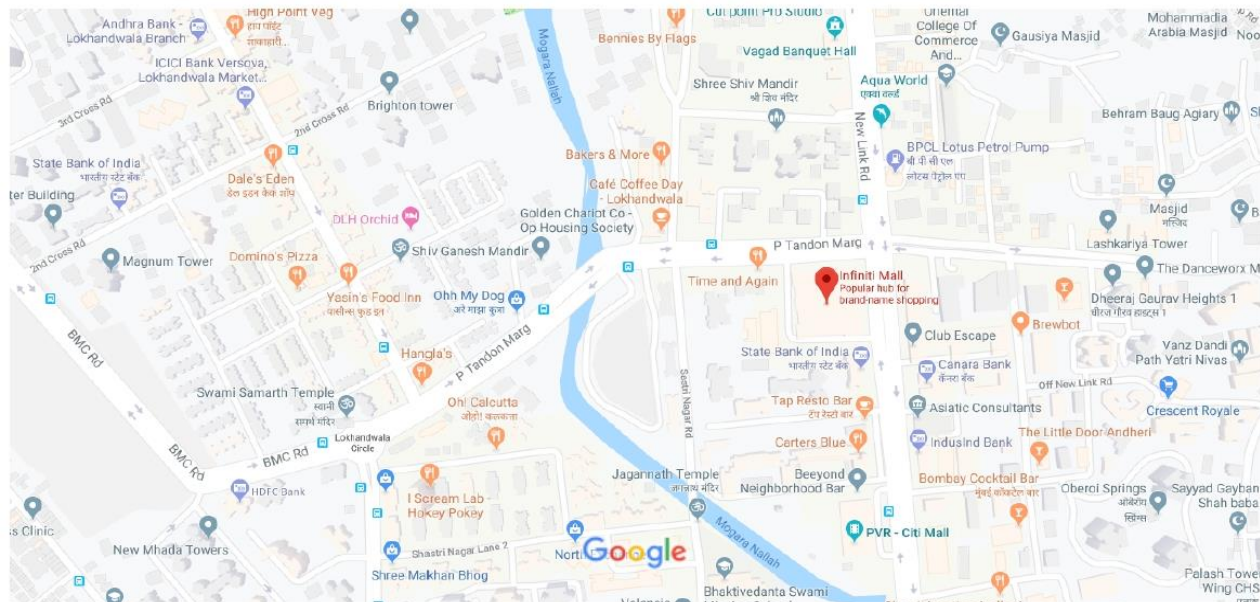
Name	Mr. Jay Morzaria	Mr. Raman Morzaria
Date of Birth	August 14, 1989	November 26, 1962
Qualification	B.Com and L.L.B	S.S.C.
Experience - Expertise in specific functional areas - Job profile and suitability	Mr. Jay Morzaria aged 30 years is core promoter of our company and has been appointed as a managing director of our company with effect from July 01, 2014. He is graduated in commerce with Bachelor of Laws (L.L.B) degree from reputed NM College under Mumbai University. A calculated risk taker with deep technical knowledge of the market, he commenced his career in real estate at a young age of 19 years. Mr. Jay Morzaria being a chairman & managing director of our company manages the day to day affairs of the company along with a strategic planning regarding internal & external risk that affects the business of company, keeping in mind the future risk about market vulnerability and other risk associated to market. He has helped the company to bring a position worth applauding in a competitive market.	He has an overall experience of 32 years in the field of finance and real estate development and he is driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is on our Board since acquisition and is responsible for strategic planning and administration of our Company. With the best efforts of Mr. Morzaria, KFL reaches to the new heights with the strong market position having a good customer based relationship and a great market reputation among other competitors in the field of Financing.
No. of Shares held	1157350 Equity Shares	2929208 Equity Shares
Terms & Conditions	Appointment for a period of 5 years w.e.f. July 1, 2019, liable to retire by rotation	Appointment for a period of 5 years w.e.f. July 1, 2019, liable to retire by rotation
Remuneration Last Drawn	Rs. 50,000/- Per Month	Rs. 50,000/- Per month
Remuneration sought to be paid	Up to ₹ 1,00,000/- per month	Up to ₹ 1,00,000/- per month
Number of Board Meetings attended during the Financial Year 2018-19	Attended 5 out of 5 meetings	Attended 5 out of 5 meetings
Date of Original Appointment	September 15, 2010	September 29, 2001
Date of Appointment in current terms	July 01, 2019	July 01, 2019
Directorships held in other public companies including deemed public companies	No	No

Name	Mr. Jay Morzaria	Mr. Raman Morzaria
Memberships / Chairmanships of committees of public companies**	Member - 2 Committee Chairman - Nil	Member - Nil Chairman - Nil
Inter-se Relationship with other Directors.	Son of Mr. Raman Morzaria, Whole-Time Director	Father of Mr. Jay Morzaria, Chairman and Managing Director

**Includes only Audit Committee and Stakeholders' Grievances and Relationship Committee.

ROUTE MAP TO THE VENUE TO ANNUAL GENERAL MEETING

Address: 705, Palm Spring Centre, Above Croma, Near New infinity Mall, Link Road, Malad (West), Mumbai - 400064, Maharashtra.



REQUEST LETTER FOR UPDATING RECORDS

To,

Satellite Corporate Services Private Limited

Unit no. 2, Building No. 13 A-B, 02nd Floor,
 Samhita Commercial Co-op. Society Limited,
 Off. Andheri Kurla Road, MTNL Lane,
 Sakinaka, Mumbai-400072, Maharashtra

Dear Sir/Madam,

Sub: Updation of Shareholder Information**Ref: Karnavati Finance Limited (CIN: L65910MH1984PLC034724)**

I/we request you to record the following information against my/our folio no.;

Folio Number/DP ID/ Client ID		No of Shares Held	
Name of the Shareholder	1. 2.		
Address of The First Holder			
Email Id			
PAN		Telephone No(s)	
Bank Name			
Branch Address			
Bank Account Number			
MICR Code		IFSC Code	
Specimen Signature(s)	1. 2.		
Attestation By Bank Under Their Stamp			
Name of the officer			
Authorization Code Number			
Contact Number			

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete/incorrect information, I/we would not hold the Company /RTA responsible. I/We understand that the above details shall be maintained till I/we hold the securities under above folio number. Pursuant to Section 101 of the Companies Act, 2013 read with Rule made thereunder, I also give consent to the company to send the Notices, Annual Reports etc. through electronically.

Note:

- Shareholders who hold the shares in demat mode are requested to update the details with their Depository Participant.
- Members who hold shares in physical mode are requested to send this form duly filled and signed with their signature which shall be duly attested by their banker under their name, authorization code number, contact number and Account number with the bank.
- Attach following documents along with form.
 - Attested copy of the PAN card.
 - Attested copy of Aadhar Card/Passport/ration Card/Driving Licence/Voter Id (any one) (If PAN card is not obtained)
 - Attested copy of latest utility Bill (Telephone/Electricity/Gas) (any one) (if the address is changed)
 - In case of death of any holder kindly send attested copy of the death certificate.
 - Copy of Cancel Cheque

Further, Members are requested refer SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 of dated April 20, 2018 regarding updation of bank details with the company/RTA and also refers the SEBI Circular No. SEBI/LAD-NRO/GN/2018/24 regarding transfer to securities. Kindly note that market regulator SEBI has announced that from December 05, 2018 onwards transfer of shares should be effective only when the transfer are lying in DEMATERIALISED Mode. No transfer of shares shall be allowed for Physical shares, only transmission and transposing shall be allowed for this. So, shareholders are requested to make necessary arrangements for dematerializing their physical holding at earliest.

Place:

Date:

Signature of sole/ First Holder

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ATTENDANCE SLIP

Regd. Folio No. /DP Id No.*/Client Id No.*	
No. of Shares held	
Name and Address of the First Shareholder (IN BLOCK LETTERS) (Applicable for investor holding shares in electronic form.)	
Name of the Joint holder (if any)	

I/we hereby record my/our presence at the 35th Annual General Meeting of Karnavati Finance Limited held on Wednesday, September 25, 2019 at 10.00 A.M. at the Registered office of the company at 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064 Maharashtra.

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

Notes: Please fill up this attendance slip and hand it over at the entrance of the venue of meeting. Members are requested to bring their copies of the Annual Report to the AGM.

REMOTE ELECTRONIC VOTING PARTICULARS

The e-voting facility is available at the link <https://www.evoting.nsdl.com>. The electronic voting particulars are set out as follows:

REVEN	USER ID	PASSWORD
111535		

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
Sunday, September 22, 2019 (09:00 A.M.)	Tuesday, September 24, 2019 (05:00 P.M.)

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PROXY FORM

(Form No. MGT-11 - Pursuant to section 105(6) of the Companies Act, 2013 Rules made there under)

Name of the member(s)	
Registered Address	
E-mail Id	
Folio No/Client Id	

I/We, being the member (s) of.....shares of the above named company, hereby appoint

1. Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him
2. Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him
3. Name: _____
Address: _____
E-mail Id: _____ Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 35th Annual General Meeting of Karnavati Finance Limited to be held on Wednesday, September 25, 2019 at 10.00 A.M. at the Registered office of the company at 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West) Mumbai - 400064, Maharashtra and/or any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional see Note 2) (Please mention no. of shares)		
Ordinary businesses		For	Against	Abstain
1.	To receive, consider and adopt audited financial statement of account for the financial year ended on March 31, 2019 and the reports of the Director's and the Auditor's thereon:			
2.	To appoint a Director in place of Mr. Raman Morzaria (DIN: 00203310), Whole Time Director of the Company, who retires by rotation and being eligible, seek re-appointment:			
Special Businesses				
3.	To approve the re-appointment of Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director on the board			
4.	To approve the re-appointment of Mr. Jay Morzaria (DIN: 02338864) as an a Chairman & Managing Director on the board			
5.	Approval and Ratification of Material Related Party Transactions.			

Signed this.....day of....., 2019

Affix
Revenue
Stamp of
not less
than ₹ 1

Signature of shareholder_____
Signature of Proxy holder(s)

Note:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting (on or before Monday, September 23, 2019 at 10.00 A.M.)
2. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

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