



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 10, 2023

To,
BSE Limited
Phiroze Jeejeeboy Towers,
Dalal Street,
Mumbai – 400 001.
Scrip Code: 538928
Through: BSE Listing Centre.

Subject: Intimation of date of 39th Annual General Meeting.

Ref: Karnavati Finance Limited (Security ID/Code: Karnavati/538928)

Dear Sir / Madam,

We wish to inform the Exchange that the 39th Annual General Meeting ("AGM") of the Karnavati Finance Limited ("the Company") will be held on Friday, September 01, 2023, at 03.30 p.m. (IST) a through Video Conferencing (VC) or Other Audio-Visual Means (OVAM) in compliance with the applicable circulars of Ministry of Corporate Affairs (MCA) and SEBI.

The copy of Notice of 39th of Annual General Meeting and Annual report for the Financial Year 2022- 23 will be submitted to exchange as soon as the same be dispatched to the Shareholders of the Company through email.

Kindly take same on records.

Thanking You,

Yours faithfully,
For **KARNAVATI FINANCE LIMITED**

Akanksha Rai
Company Secretary
Membership No: A47972
Place: Mumbai

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



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Date: August 10, 2023

To,
BSE Limited
Phiroze Jeejeeboy Towers
Dalal Street
Mumbai – 400 001.
Scrip Code: 538928
Through: BSE Listing Centre.

Subject: Submission of Notice of 39th Annual General Meeting.

Dear Sir / Madam,

We wish to inform the Exchange Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Annual Report of the Company for the financial year 2022-23 ("Annual Report") along with the Notice convening the 39th Annual General Meeting ("AGM") of the Karnavati Finance Limited ("the Company") scheduled to be held on Friday, September 01, 2023 at 03.30 p.m. (IST) through Video Conferencing (VC) or other Audio Visual Means (OVAM) in compliance with the applicable circulars of Ministry of Corporate Affairs (MCA) and SEBI to transact the business mentioned in the Notice of 39th Annual General Meeting. Copies of which are being e-mailed to the shareholders of the Company whose e-mail ids are registered with the Company's RTA or their respective Depository Participant. The Annual Report along with the Notice is also available on the website of the Company and can be accessed at <https://karnavatifinancelimited.com/>

The remote e-voting period shall commence on Tuesday, August 29, 2023 at 09:00 A.M. (IST) and shall end on Thursday, August 31, 2023 at 05:00 P.M. (IST).

This is for your information and dissemination.

Kindly take the same in your records.

Thanking You,

Yours faithfully,
For KARNAVATI FINANCE LIMITED

Akanksha Rai
Company Secretary
Membership No: A47972
Place: Mumbai

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

39TH ANNUAL REPORT

2022-23

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CORPORATE INFORMATION

KARNAVATI FINANCE LIMITED
(CIN: L65910MH1984PLC034724)

REGISTERED OFFICE

Vraj Group, 2nd Floor, Simran Centre, Mogra Village 30H
Parsi Panchayat Road, Andheri East, Mumbai, Maharashtra
400053.

Contact No. : 022 28809111

CORPORATE OFFICE

“Vraj”, 05th Floor, Opp. President Hotel, 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 Ramanbhai Morzaria	02338864	Chairman & Managing Director
Mr. Raman Pragjibhai Morzaria	00203310	Whole-Time Executive Director
Mr. Vineshkumar Popatlal Makadia	00362318	Non Executive non-independent Director
Mrs. Birmda Minoobhai Bilimoria	08196034	Non-Executive (Independent) Director
Mr. Parth Chandreshbhai Maniar	07980886	Non-Executive (Independent) Director
Mrs. Vinita Ajaybhai Parekh	08739757	Non-Executive (Independent) Director (Resigned w.e.f 06th March 2023)
Mr. Ashish Nandkishor Batavia	10181918	Additional Non-Executive Director (Appointed w.e.f 05 th June 2023)

KEY MANAGERIAL PERSONNEL

Name	Designation	Name	Designation
Mr. Kush Ramanbhai Morzaria	Chief Financial Officer	Mr. Parth Chandreshbhai Maniar	Chairperson
Ms. Akanksha Rai	Company Secretary & Compliance Officer	Mrs. Birmda Minoobhai Bilimoria	Member
		Mr. Jay Ramanbhai Morzaria	Member

AUDIT COMMITTEE**STAKEHOLDER'S RELATIONSHIP COMMITTEE**

Name	Designation	Name	Designation
Mr. Parth Chandreshbhai Maniar	Chairperson	Mr. Parth Chandreshbhai Maniar	Chairperson
Mrs. Birmda Minoobhai Bilimoria	Member	Mrs. Birmda Minoobhai Bilimoria	Member
Mr. Jay Ramanbhai Morzaria	Member	Mr. Vineshkumar Makadia	Member

NOMINATION & REMUNERATION COMMITTEE**AUDITORS**

Statutory Auditor	Internal Auditor	Secretarial Auditor
D G M S & Co. Chartered Accountants 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	M/s. KJB & CO LLP B/105, 1 st Floor, Sahayog Building, Above Central Bank of India, Kandivali West, Mumbai-400067, Maharashtra. Mail ID: core@kjblp.com Contact No.:

REGISTRAR & SHARE TRANSFER AGENT	BANKERS
Satellite Corporate Services Private Limited Office no. A/106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safed pool, Sakinaka, Mumbai-400072 E-Mail ID :service@satellitecorporate.com Contact No. : 022 28520461/462	ICICI Bank IDBI Bank

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **39th Annual General Meeting** of the Members of Karnavati Finance Limited will be held at on **Friday, September 01, 2023, at 03.30 p.m.** through video conferencing (VC)/Other Audio Visual Means (OAVM) 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, 2023 and the reports of the Directors' and the Auditors' thereon.

2. To appoint a Director in place of Mr. Raman Pragjibhai Morzaria (DIN: 00203310), as 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 and Non-Executive Directors are subject to retirement by rotation. Mr. Raman Pragjibhai Morzaria (DIN: 00203310), who was appointed as Managing Director on the Board, retires by rotation and being eligible, seeks re-appointment.

To the extent that Mr. Raman Pragjibhai 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 Pragjibhai Morzaria (DIN: 00203310), as such, to the extent that he is required to retire by rotation.”

3. Appointment M/s B B Gusani and Associates as a Statutory Auditor of the Company.

To Consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provision of Section 139, 142, and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 including any statutory modifications(s) or re-enactment(s) thereof for the time being in force, M/s B B GUSANI AND ASSOCIATES., Chartered Accountants (Firm Registration No. 140785W) be and hereby appointed as a Statutory Auditors of the Company for a term of 5 (five) consecutive years from conclusion of this Annual General Meeting till the conclusion of Forty-fourth Annual General Meeting of the Company to be held in the year 2028, at such remuneration as shall be fixed by the board of directors of the Company.

RESOLVED FURHTER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required.”

SPECIAL BUSINESS: -

4. Regularisation of Additional Non-Executive Director, Mr. Ashish Batavia (DIN: 10181918), by appointing him as Non-Executive Director of the Company:

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

“RESOLVED THAT Mr. Ashish Nandkishor Batavia (DIN: 10181918), who was appointed as an Additional Non-Executive Director and Chairman on the Board of Directors of the Company with effect from June 05, 2023, in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this ensuing Annual General Meeting, be and is hereby appointed as a Non-Executive Director and Chairman of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all the steps

as may be necessary to give complete effect to this resolution.”

5. Re-appointment of Mr. Parth Chandreshbhai Maniar (DIN: 07980886) as Independent 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 provisions of Sections 149, 150, 152, 197 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the approval of the Members/Shareholders of the Company be and is hereby accorded for the Mr. Parth Chandreshbhai Maniar (DIN: 07980886) in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby re-appointed as Independent Director of the Company for a second term of 5 (five) consecutive years, that is, up to forty-fourth Annual General Meeting.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

6. Re-appointment of Ms. Birmda Minoobhai Bilimoria (DIN: 08196034) as Independent 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 provisions of Sections 149, 150, 152, 197 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the approval of the Members/Shareholders of the Company be and is hereby accorded for the Ms. Birmda Minoobhai Bilimoria (DIN: 08196034) in respect of whom the Company has received a notice in writing from a Member in terms of Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director, be and is hereby re-appointed as Independent Director of the Company for a second term of 5 (five) consecutive years, that is, up to forty-fourth Annual General Meeting.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village,
30H Parsi Panchayat Road, Andheri East,
Mumbai -400053, Maharashtra.

By order of the Board
For Karnavati Finance Limited

Sd-
Jay Ramanbhai Morzaria
Managing Director
DIN: 02338864

Place: Mumbai

Date: August 07, 2023

Notes:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Information regarding appointment/re-appointment of Director(s) and Explanatory Statement in respect of special businesses to be transacted pursuant to Section 102 of the Companies Act, 2013 and/or Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard II is annexed hereto.
3. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.

Since this AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Attendance Slip and route map of the AGM are not annexed to this Notice.

4. Institutional shareholders/corporate shareholders (i.e. other than individuals, HUF's, NRI's, etc.) are required to send a scanned copy (PDF/JPG Format) of their respective Board or governing body resolution/authorization etc., authorizing their representative to attend the AGM on their behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to csjitendraparmar@gmail.com with copies marked to the Company at karnavatifinance@gmail.com and to National Securities Depository Limited (NSDL) at evoting@nsdl.co.in
5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
8. Notice of AGM along with Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Member may note that Notice and Annual Report 2022-23 has been uploaded on the website of the Company at www.karnavatifinancelimited.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL i.e. www.evoting.nsdl.com.
9. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
10. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.karnavatifinancelimited.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

11. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.
12. Those shareholders who have not yet registered their e-mail address are requested to get their e-mail addresses submitted, by following the procedure given below:
 - (a) In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to karnavatifinance@gmail.com.
 - (b) In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to karnavatifinance@gmail.com.
13. Alternatively, member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (a) or (b) as the case may be.
14. It is clarified that for permanent submission of e-mail address, the shareholders are however requested to register their email address, in respect of electronic holdings with the depository through the concerned depository participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent, Satellite Corporate Services Private Limited, having its office at A Wing, Office No. 106 and 107 Dattani Plaza Andheri Kurla Road, East West Industrial Estate Sakinaka, Mumbai-400072, by following the due procedure.
15. Those shareholders who have already registered their e-mail address are requested to keep their e-mail addresses validated with their depository participants / the Company's Registrar and Share Transfer Agent, Satellite Corporate Services Private Limited to enable servicing of notices / documents / annual Reports electronically to their e-mail address.
16. It is clarified that for permanent submission of e-mail address, the shareholders are however requested to register their email address, in respect of electronic holdings with the depository through the concerned depository participants, by following the due procedure.
17. Members seeking any information with regard to the accounts or any matter to be placed at the AGM or who would like to ask questions or registered themselves as Speaker, are requested to write to the Company mentioning their name demat account number/folio number, email id, mobile number at karnavatifinance@gmail.com on or before August 25, 2023 so as to enable the management to keep the information ready. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM
18. Members holding the shares in dematerialized form are requested to notify immediately, the information regarding change of address and bank particulars to their respective Depository Participant.
19. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection in electronic mode.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on **Tuesday, August 29, 2023 at 09: 00 A.M.** and ends on **Thursday, August 31, 2023 at 05:00 P.M.** The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (**cut-off date**) i.e. **August 25, 2023**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being August 25, 2023.





HOW DO I VOTE ELECTRONICALLY USING NSDL E-VOTING SYSTEM?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center; margin-top: 20px;"> <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  App Store </div> <div style="text-align: center;">  Google Play </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div> </div>

Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below ;

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:
 - a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to esjitendraparmar@gmail.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Ketan Patel at evoting@nsdl.co.in

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL IDS ARE NOT REGISTERED WITH THE DEPOSITORIES FOR PROCURING USER ID AND PASSWORD AND REGISTRATION OF E MAIL IDS FOR E-VOTING FOR THE RESOLUTIONS SET OUT IN THIS NOTICE:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to karnavatifinance@gmail.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to karnavatifinance@gmail.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at karnavatifinance@gmail.com. The same will be replied by the company suitably.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

CONTACT DETAILS

Company	KARNAVATI FINANCE LIMITED “Vraj”, 05 th Floor, Opp. Hotel President, Near Bhumi Press, Limda Lane, Jamnagar-361001, Gujarat Phone No.: 0288 2663042; E-Mail ID: karnavatifinance@gmail.com; Website: www.karnavatifinancelimited.com
Registrar and Transfer Agent	SATELLITE CORPORATE SERVICES PRIVATE LIMITED Office no. 106 & 107, Dattani Plaza, East West Compound, AndheriKurla Road, Safedpul, Sakinaka, Mumbai-400072 E-Mail ID: service@satellitecorporate.com; Phone No.: 022 28520461
E-Voting Agency & VC / OAVM	Email: evoting@nsdl.co.in NSDLhelp desk 022-4886 7000 and 022-2499 7000
Scrutinizer	JITENDRA PARMAR AND ASSOCIATES J-708, Riverside Park. Opp/ APMC Market Lane, Near Vishala Circle, Vasna, Ahmedabad-382007 E-mail: csjitendraparmar@gmail.com ; M: 9408555517

Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at karnavatifinance@gmail.com. The same will be replied by the company suitably.

Registered Office

Vraj Group, 2nd Floor, Simran Centre,
Mogra Village, 30H Parsi Panchayat Road,
Andheri East, Mumbai-400053,
Maharashtra.

Place: Mumbai
Date: August 07,2023

By order of the Board
For, Karnavati Finance Limited

Sd-
Jay Ramanbhai Morzaria
Managing Director
DIN: 02338864

ANNEXURE TO NOTICE - EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SECRETARY STANDARD 2 ON GENERAL MEETINGS

Item No.:- 4

The Board on the recommendation of the Nomination & Remuneration Committee at its meeting held on May 27, 2023, approved the appointment of Mr. Ashish Batavia (DIN: 10181918) as Additional Non-Executive Director and Chairman of the Company with effect from June 05, 2023, subject to approval of shareholders at the forthcoming Annual General Meeting.

The Company has received from Mr. Ashish Batavia (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Act. In terms of Section 160 of the Companies Act, 2013,

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his qualifications, experience and other attributes, that his induction on the Board would be of immense benefit to the Company and it is desirable to avail his services as a Director to strengthen the management of the Company.

The Board recommends the Resolution for approval of the Members as a Ordinary Resolution as set out in item no. 4 of the notice.

Except Mr. Ashish Batavia, being the appointee, no other Director or Key Managerial Personnel of the Company or their respective relatives is/ are concerned or interested, financially or otherwise, in the said Resolution.

Item No.:- 5 & 6

The Members of the Company at 34th Annual General Meeting held on September 20, 2018, appointed Mr. Parth Maniar and Mrs. Birmda Bilimoria as an Independent Director to hold office for a term of 5 years, the tenure of Mr. Parth Maniar and Mrs. Birmda Bilimoria as an Independent Director is due for expire on ensuing AGM.

In terms of provisions of section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee of the Company shall recommend to the Board of the Directors, the appointment/ reappointment of a Director. In terms of provisions of section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Members of the Company and disclosure of such appointment in the Board's report.

The Company has received the consent from Mr. Parth Maniar and Mrs. Birmda Bilimoria had given their declaration to the Board, inter alia, that (i) they meets the criteria of independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations, (ii) is not restrained from acting as a Director by virtue of any Order passed by SEBI or any such authority and (iii) is eligible to be appointed as a Director in terms of Section 164 of the Act. They have also given their consent to act as a Director.

After taking into account the performance evaluation, during their first term of five years and considering the knowledge, acumen, expertise and experience in respective fields and the substantial contribution made by them during their tenure as an Independent Director since their appointment, the Nomination and Remuneration Committee at its meeting held on May 27, 2023 has considered, approved and recommended the re-appointment of Mr. Parth Manira and Mrs Birmda Bilimoria as an Independent Directors for a second term of five years to the Board of Directors for their approval. The Board of Directors at its meeting held on May 27, 2023 has approved the proposal for reappointment of Mr. Parth Manira and Mrs Birmda Bilimoria as an Independent Director for a second term of five consecutive years, subject to approval of the Members.

In the opinion of the Board, Mr. Parth Maniar and Mrs Birmda Bilimoria are a person of integrity, possesses relevant expertise / experience and fulfills the conditions specified in the Act and the SEBI Listing Regulations for re-appointment as an Independent Director and they are independent of the management. The profile and specific areas of expertise are provided as Annexure to this Notice. the Board considers it desirable and in the interest of the Company to have Mr. Parth Maniar and Mrs. Birmda Bilimoria on the Board of the Company and accordingly the Board recommends re-appointment of Mr. Parth Maniar and Mrs. Birmda Bilimoria as an Independent Director as proposed in the Resolution set out at Item No. 5&6 for approval by the Members.

The Board recommends the Resolution for approval of the Members as a Special Resolution as set out in item no. 5 & 6 of the notice.

Except Mr. Parth Maniar and Mrs. Birmda Bilimoria, being the appointee, no other Director or Key Managerial Personnel of the Company or their respective relatives is/ are concerned or interested, financially or otherwise, in the said Resolution.

Registered Office

Vraj Group, 2nd Floor, Simran Centre,
Mogra Village, 30H Parsi Panchayat Road,
Andheri East, Mumbai-400053,
Maharashtra.

Place: Mumbai
Date: August 07, 2023.

By order of the Board
For, Karnavati Finance Limited

Sd-
Jay Ramanbhai Morzaria
Managing Director
DIN: 02338864

DETAILS OF DIRECTOR SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

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:

Particulars / Name	Mr. Raman Morzaria	Mr. Ashish Batavia
Date of Birth		November 12, 1989
Qualification		Chartered Accountant
Experience - Expertise in specific functional areas - Job profile and suitability	Mr. Raman Morzaria is one of the Promoter and Co-founder of the Vraj Group which is pioneer in Construction Industry. He is having a very dynamic and meticulous personality. He is the chief anchor with unmatched reputation in real estate industry. His penchant for changing rules of the game saw him create numerous projects. He had taken over Non-Banking Finance Company under the name of Karnavati Finance Limited in 2001, which got listed on BSE (Bombay Stock Exchange) in 2014. He has an overall experience of 36 years in the field of finance and real estate development and is driving operational growth, maximizing business opportunities and ensuring compliances with regulatory requirements. He is responsible for strategic planning and administration of our Group. With the best efforts of Mr. Raman Morzaria, Group has reached to new heights with the strong market position, having a good customer-based relationship and a great market reputation in the field of Construction and Finance.	Mr. Ashish Batavia, a Professional Qualification: - CA, PG in Management from SP Jain Institute of Management and Research. Experience & Specialisation: - Finance Professional with more than 11 years of experience in Financial Planning and Analysis, Pricing and Commercial, Business Finance, Credit Management, Internal Audit and Accounts Finalisation across various Business units of Bharat Petroleum Corporation Limited – Maharatna Fortune 500 Oil and Gas company. Played a crucial role in implementation of new pricing mechanism for ATF (Aviation Turbine Fuel) Pricing in Indian Aviation Industry
No. of Shares held	2,93,88,810	-
Terms & Conditions	liable to retire by rotation	
Remuneration Last Drawn	9 Lakhs	-
Remuneration sought to be paid	-	-
Number of Board Meetings attended during the Financial Year 2022-23	8 out of 8 Board Meeting	-
Date of Original Appointment	September 29, 2001	June 05, 2023
Date of Appointment in current terms	July 01, 2014	June 05, 2023
Directorships held in other public companies including deemed public companies	NO	NO
Memberships / Chairmanships of committees of public companies*	NIL	NIL

Inter-se Relationship with other Directors.	Father of Mr. Jay Morzaria, Managing Director	Mr. Ashish Batavia is not related to any Director(s) of the Company as defined under the provisions of section 2(77) of the Companies Act, 2013.
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Particulars / Name	Mr. Parth Maniar	Mrs. Birmda Bilimoria
Date of Birth		
Qualification		
Experience - Expertise in specific functional areas - Job profile and suitability	Mr. Parth Maniar has completed Bachelor Commerce and Master of Business Administration (MBA) in Finance. He has total experience of 12 years across various fields such as Finance, Hospitality, Administration and General Management.	Mrs. Brinda Bilimoria aged 48 years has good Management Experience of more than 20 years with sound knowledge of Finance field
No. of Shares held	-	-
Terms & Conditions	-	
Remuneration Last Drawn	Sitting fees	Sitting fees
Remuneration sought to be paid	-	-
Number of Board Meetings attended during the Financial Year 2022-23	8 out of 8 Board Meeting	8 out of 8 Board Meeting
Date of Original Appointment	September 20, 2018	August 13, 2018
Date of Appointment in current terms	September 20, 2018	September 20, 2018
Directorships held in other public companies including deemed public companies	NO	NO
Memberships / Chairmanships of committees of public companies*	NIL	NIL
Inter-se Relationship with other Directors.	Mr. Parth Maniar is not related to any Director(s) of the Company as defined under the provisions of section 2(77) of the Companies Act, 2013.	Mrs. Brinda Bilimoria is not related to any Director(s) of the Company as defined under the provisions of section 2(77) of the Companies Act, 2013.

Registered Office

Vraj Group, 2nd Floor, Simran Centre,
Mogra Village, 30H Parsi Panchayat Road,
Andheri East, Mumbai-400053,
Maharashtra.

Place: Mumbai
Date: August 07, 2023

By order of the Board
For, Karnavati Finance Limited

Sd-
Jay Ramanbhai Morzaria
Managing Director
DIN: 02338864

DIRECTOR'S REPORT

To,
The Shareholders,

The Directors have pleasure in presenting 39th Annual Report of your Company with the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023.

FINANCIAL RESULTS*(Amount in lakhs)*

Particulars	F.Y. 2022-23	F.Y. 2021-22
Revenue From Operations	277.50	219.53
Other operation Income	7.13	20.43
Impairment Profit	-	-
Total Revenue from operation	284.63	239.96
Other Income	0.07	7.54
Total Revenue	284.70	247.50
Less: Total Expenses before Depreciation, Finance Cost & Tax	175.95	203.36
Operating Profits before Depreciation, Finance Cost & Tax	108.75	44.13
Less: Depreciation	0.66	0.77
Finance cost	33.33	2.86
Profit/(Loss) Before Tax	74.76	40.51
Less: Current Tax	18.67	10.21
Less: Deferred Tax Liability (Assets)	(0.01)	(0.02)
Profit/(Loss) after Tax	56.11	30.31

YEAR AT GLANCE**Financial Performance**

During the financial year 2022-23, the Company has earned total income of Rs. 284.70 Lakhs from business activities as compared to Rs.239.96 Lakhs in previous year. The total revenue of the company is increased by 18.64%

The total Profit before tax for the financial year 2022-23 stood at Rs. 74.76 Lakhs and the total net profit after tax for the financial year 2021-22 stood at Rs. 56.11 Lakhs.

Dividend

To conserve resources for future prospect and growth of the Company, your Directors regret to declare Dividend for the Financial Year 2022-23 (Previous year - Nil).

Dividend Distribution Policy

Dividend Distribution Policy in terms of regulation 43A of the SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 is available on the website of the Company www.karnavatifinancelimited.com/investors

Preservation of Documents and Archival Policy

The Company has adopted a Preservation of Documents and Archival Policy for preservation of documents as defined under Regulation 9 of the SEBI Regulations. The said policy is available on the website of the Company www.karnavatifinancelimited.com/investors

Net Profit Transfer to Reserves

The Company has transferred Rs.11,22,128 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.

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 2022-23. The paid-up share capital of the company as on March 31, 2023 was Rs. 10.05 crores. During the year under review, the Company has done sub-division/split of equity shares having face value ₹. 10/- each in to ₹. 1/- each.

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 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 corporate office of the Company.

During the year under review, Board of Directors of the Company met 8 (Eight) times viz., May 29, 2022, June 17, 2022, August 09, 2022, September 09, 2022, November 11, 2022, January 01, 2023, February 14, 2023 and March 27, 2023 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 three Non-Promoter Independent Directors during the FY 2022-23. In the opinion of the Board of Directors, all three 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 March 27, 2023 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. Details of Familiarization Program of Independent Directors of the Company are available 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 and 16(1)(b) of Listing Regulations confirming that they meet criteria of Independence as per relevant provisions of Companies Act, 2013 for financial year 2022-23. 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 as Independent Directors and are independent of the Management. Further, all the Independent Directors have registered themselves with Independent Directors' Data Bank.

Please note that during the year, Ms. Vinita Parekh, Independent Directors of the company has resigned from her office w.e.f March 06, 2023.

Cessation of directorship

During the year under review, Ms. Vinita Parekh, Independent Director of the company has resigned from her office w.e.f March 06, 2023. Further, the Board placed on record its appreciation for the valuable contribution and services rendered by her during tenure as Independent Director of the Company.

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-ninth annual general meeting

Key Managerial Personnel

In accordance with section 203 of Companies Act, 2013, the Company has already appointed Mr. Jay Morzaria as Managing Director, Mr. Khush Morzaria as Chief Financial Officer, Mr. Raman Morzaria as Whole – time Director and Ms. Akansha Rai as Company Secretary and Compliance Officer of the Company. Further, there was no change in Key Managerial Personnel during the Financial Year 2022-23.

Information on Directors

Change in Boards composition

Retirement by rotation and subsequent re – appointment

Further, during the Financial Year 2023-24, Mr. Raman Morzaria (DIN: 00203310), Chairman and Managing Director of the Company, who retires by rotation and were re – appointed in the Annual General Meeting held on September 01, 2023

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act, 2013, Mr. Raman Morzaria, Managing Director (DIN: 00203310) 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.

Regularization of Directors

Mr. Ashish Batavia, who has appointed as Additional Non-executive directors of the company with w.e.f June 05, 2023, board of directors had proposed here regularization of directorship in AGM held on September 01, 2023,

Re-appointment of Independent Directors

Mr. Parth Maniar and Mrs Birmda Bilimoria’s first term of five year as Independent Directors in company will end in ensuing 39th AGM, after considering their value and expertise, board of directors had recommended their reappointment in AGM held on September 01, 2023.

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, 2023, 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 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, 2023 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 of 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 of March 31, 2023, the Audit Committee comprised Mr. Parth Chandreshbhai Maniar (Non-Executive Independent Director) as Chairperson and Mrs. Birmda Minoobhai Bilimoria (Non-Executive Independent Director) and Mr. Jay Ramanbhai Morzaria (Executive Director) 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 www.karnavatifinancelimited.com/investors/

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 www.karnavatifinancelimited.com/investors/ and is annexed to this Report as **Annexure – A**.

Remuneration of Directors

The details of remuneration/sitting fees paid during the financial year 2022-23 to Executive Directors/Directors of the Company is provided in Annual Return www.karnavatifinancelimited.com/investors/ 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, 2023.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS 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. The detail of transaction entered with related parties are mentioned in Note no. 26 in Notes forming part of the financial statements.

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: www.karnavatifinancelimited.com/investors/

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

A. Conservation of energy –

- i.) The steps taken or impact on conservation of energy:** Company's operation does not consume significant amount of energy.
- ii.) The steps taken by the Company for utilizing alternate sources of energy:** Not applicable in view of comments in Clause (i)
- iii.) The capital investment on energy conservation equipment:** Not applicable in view of comments in Clause (i)

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

ANNUAL RETURN

The Annual Return of the Company as on 31st March 2023 shall be available on the website of the Company at www.karnavatifinancelimited.com

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.

PARTICULARS 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 – B**.

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 will be available for inspection in electronic form. 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 Tejwani & 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 2022-23.

MATERIAL CHANGES AND COMMITMENT

There are no material changes or commitments affecting the financial position of the Company during the financial year 2022-23.

DISCLOSURE UNDER SEXUAL HARRASMENT 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 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 2022-23, 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, 2023.

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, 2023 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 and the same is hosted on the website of the company i.e. www.karnavatifinancelimited.com/investors/

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.

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 – C**.

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 RECORDS

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

STATUTORY AUDITORS AND THEIR REPORT

In terms of provisions of section 139 of the companies act, 2013 and companies (Audit and Auditors) Rules, 2014, M/s. D G M S & Co., Chartered Accountants (formerly known as 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. 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 AND 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 M/s. KJB & CO LLP, Practicing Company Secretaries, Mumbai to carry out the Secretarial Audit for the financial year ended on March 31, 2023. Secretarial Audit Report is annexed to the Board's Report as **Annexure – D**.

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 M/s. KJB & CO LLP, Practicing Company Secretaries, for the purpose of availing Annual Secretarial Compliance Report and submitted the same with BSE Limited.

Reply to the Qualification / Observation by secretarial auditor

1. Pursuant to regulation 17(1)(b) of LODR regulations, during the Period under review Ms. Vinita Parekh an Independent Director has been resigned w.e.f March 6, 2023. Further being Executive Director as Chairman of the Company, at least half of the board of directors of the listed entity shall consist of independent directors. As on March 31, 2023 the Company has 5 Director including 2 Independent. However, the Company has appointed Mr. Ashish Batavia as non-executive - non independent Director cum Chairperson with effect from 5th June 2023.

Reply: The Company is in process to fill vacancy within time period of 3 months in ensuing Board Meeting.

2. Pursuant to regulation 27(2) LODR regulations The Company has submitted corporate governance compliance report for the Quarter ended March 2022 as on May 25, 2022 and Stock Exchange has imposed fine as per SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 of Rs. 80,240 and the same is paid by the Company.

Reply: The Company was in non-compliance of regulation 27(2) of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015 (“SEBI LODR”) for non-submission of the corporate governance compliance report within the period provided under the said regulation

3. Pursuant to Regulation 29(2)/29(3) of LODR regulations the Company has given intimation as on August 04, 2022 for the meeting of Board of Directors held as on August 09, 2022 to inter alia consider and approve unaudited financial for the quarter ended June 2022 and Stock Exchange has imposed fine as per SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 of Rs. 11,800 and the same is paid by the Company.

Reply: The Company has given delayed intimation as on August 04, 2022 for the meeting of Board of Directors held as on August 09, 2022 to inter alia consider and approve unaudited financial for the quarter ended June 2022. And paid fine of Rs. 11,800.

4. Pursuant to Regulation 34(1)(a), 36(2) of LODR regulations The Company has disseminated the notice of the AGM (September 30, 2022) and Annual Report on the website of the stock exchange as on September 9, 2022 in compliance with the statutory requirements which are publicly available to the all stakeholders However, due to some pending formalities and confirmations between the management and NSDL the same was not released to the members on the same day and the same was delivered as on September 14, 2022.

Reply: The Company has disseminated the notice of the AGM (September 30, 2022) and Annual Report on the website of the stock exchange as on September 9, 2022 in compliance with the statutory requirements which are publicly available to the all stakeholders However, due to some pending formalities and confirmations between the management and NSDL the same was not released to the members on the same day and the same was delivered as on September 14, 2022.

5. Pursuant to Regulation 46 of LODR regulations the Company has not disseminated information as required under Regulation 46. details of familiarization programmes imparted to independent directors, Shareholding Patterns, Financial, notices of meeting of the board of directors where financial results shall be discussed, financial results, on conclusion of the meeting of the board of directors where the financial results were approved, complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc., Newspaper advertisement of Financial Results, Notices given to shareholders by advertisements, Notices of AGM/EGM, Annual Secretarial Compliance Report, all such events or information which has been disclosed to stock exchange(s) under regulation 30 of Sebi (LODR) 2015, disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub-regulation (5) of regulation 30 of Sebi (LODR) 2015, Annual Return under section 92 of Companies Act 2013, updated composition of various committees of board of directors, the email address for grievance redressal and other relevant details, contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances etc.

Reply: The Company has not disseminated information as required under Regulation 46. As the same is pending due to technical issue and will get it resolved.

6. Pursuant to Regulation 3(2B), 3(5) and 3(6) of PIT Regulations, the Company was not upgraded to a System Driven Disclosure system during the period under review. and we were unable to express our opinion in respect of compliance of Reg. 3(2B) of PIT Regulations in the course of audit as we did not find any instance of notice given by the Company to any person to maintain confidentiality with whom any unpublished price sensitive information pursuant to ‘legitimate purpose’ if any shared by the Company. Except dissemination of window closer on Stock Exchange. However, the Company has started to maintain Structured Digital Database upon purchase of software “THE PIT Archive” on June 30, 2023.

Reply: The Company is in process of evaluation of suitable software and purchased software as on 30th June 2023 and updated SDD database accordingly

SECRETARIAL STANDARD

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

DEPOSITS

The Company being a Non-Banking Financial Company has not accepted any deposits during the year under review.

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:

Vraj Group, 2nd Floor, Simran Centre, Mogra Village
30H Parsi Panchayat Road, Andheri East, Mumbai-400053,
Maharashtra.

For and on behalf of Board of Directors

Karnavati Finance Limited

Sd/-

Jay Ramanbhai Morzaria

Managing Director

DIN: 02338864

Place: Mumbai

Date:

Sd/-

Raman Pragjibhai 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 noted in the Minutes 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.



Annexure B

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	4.62 : 1.00	-
2.	Mr. Raman Morzaria	Whole-Time Director	Remuneration	3.46 : 1.00	-
3.	Mr. Kush Morzaria	Chief Financial Officer	Salary	-	-
4.	Ms. Akanksha Rai	Company Secretary	Salary	-	-
5.	Ms. Vinita Ajaybhai Parekh	Independent Director	Sitting Fees	-	-
6.	Ms. Birmda Minoobhai Bilimoria	Independent Director	Sitting Fees	-	-
7.	Mr. Parth Chandreshbhai Maniar	Independent Director	Sitting Fees	-	-
8.	Mr. Vineshkumar Popatlal Makadia	Director			

None of the Non-Executive Directors of the Company including Independent Directors were paid any kind of remuneration / sitting fees.

- b) **The percentage increase in the median remuneration of employees in the financial year:** The average median remuneration of employees was increased by 122.22% over previous year.
- c) **The number of permanent employees on the rolls of the company:** 20 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:** The Average 88.09% increase was made in salary of employees whereas remuneration of executive directors were increased. There was no decrease in the remuneration of Employees as compared to last year.

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:

Vraj Group, 2nd Floor, Simran Centre,
Mogra Village 30H Parsi Panchayat Road,
Andheri East, Mumbai-400053.

For and on behalf of Board of Directors

Karnavati Finance Limited

Sd/-

Jay Ramanbhai Morzaria

Managing Director**DIN: 02338864**

Sd/-

Raman Pragjibhai Morzaria

Whole-Time Director**DIN: 00203310****Place: Mumbai****Date:**

Annexure – C

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 27 and Para-C of Schedule – V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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 Company has a balanced board with optimum combination of Executive and Non-Executive Directors, including independent Directors, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. As on date of this report, board comprises of 6 (Six) Directors out of which 2 (Two) Directors are Executive Directors, 2 (Two) Director is Non-Executive Director and remaining 2 (Two) are Non-Executive Independent Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations as amended from time to time. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013. All Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations as amended from time to time and Section 149 of the Companies Act, 2013. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

None of the Directors has a directorship in more than ten Public Limited Companies. Further, none of the Directors on the Company’s Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Stakeholder’s Grievance & Relationship Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than ten public companies as on March 31, 2023 / date of appointment. 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 three Listed Company and none of the Director of the Company is holding position as Independent Director in more than seven Listed Company. None of the Directors is Director in more than seven listed companies.

The composition of the Board is in conformity with the Regulation 17 of the SEBI Listing Regulations. As on date of this report, 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, 2023	Inter-se Relation between Directors
					in which Director is Members	in which Director is Chairman		
Mr. Jay Ramanbhai Morzaria	Promoter Chairman & Managing Director (Executive)	July 1, 2019	6	-	2	-	1,15,73,500	Son of Mr. Raman Morzaria

Mr. Raman Pragjibhai Morzaria	Promoter Executive Director	July 1, 2019	4	-	-	-	2,93,88,810	Father of Mr. Jay Morzaria
Mr. Vinesh Kumar Popatlal Makadia	Non-Executive - Non Independent Director	January 16, 2021	2	-	-	-	-	No Relation
Mrs. Birmda Minoobhai Bilimoria	Non-Executive - Independent Director	August 13, 2018	-	-	2	-	-	No Relation
Mr. Parth Chandreshbha	Non-Executive - Independent Director	September 20, 2018	-	-	-	2	-	No Relation
Mrs. Vinita Ajay Parekh*	Non-Executive - Independent Director	May 06, 2020	-	-	-	-	-	No Relation
Mr. Ashish Nandkishor Batavia	Additional Non-Executive Director	June 05, 2023	-	-	-	-	-	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.

*Mrs. Vinita Parekh had resigned as a Independent Directors of the Company w.e.f March 06, 2023

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 M/s. Renu Bang & Associates, Practicing Company Secretaries as stipulated under Regulation 34 read with Schedule V of the SEBI LODR Regulations, is attached as an **Annexure – D1** to this Report.

Appointment/Re-appointment of Directors

As required under Regulation 36(3) of SEBI(LODR) Regulations and SS-2, particulars of the Directors seeking appointment/re-appointment are given in the explanatory statements to the notice of the AGM during the year the Company has re-appointed Mr. Jay Raman Morzaria at the AGM dated September 30, 2022 as he was retiring by rotation and being eligible, offered himself for re-appointment.

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 Corporate office of the Company.

During the year under review 8 (Eight) Board meetings were held viz. May 29, 2022, June 17, 2022, August 09, 2022, September 09, 2022, November 14, 2022, January 03, 2023, February 14, 2023 and March 27, 2023. 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 Ramanbhai Morzaria	Mr. Raman Pragjibhai Morzaria	Mr. Vinesh Kumar Popatlal Makadia	Mrs. Birmda Minoobhai Bilimoria	Mr. Parth Chandreshbhai Maniar	Ms. Vinita Parekh
No. of Board Meeting held	8	8	8	8	8	8

No. of Board Meeting eligible to attend	8	8	8	8	8	7
Number of Board Meeting attended	8	8	8	8	8	7
Presence at the previous AGM	Yes	-	-	-	Yes	-

During the year under review, the Board of Directors has not passed any resolutions through circulation that are required to be reported under the provisions of companies act, 2013.

INDEPENDENT DIRECTORS

In terms of Section 149 of the Companies Act, 2013 and rules made there under and Listing Regulations, the Company has three Non-Promoter Non-Executive Independent Directors. In the opinion of the Board of Directors, all three Independent Directors of the Company meet all the criteria mandated by Section 149 of the Companies Act, 2013 and rules made there under and Listing Regulations and they are Independent of Management.

A separate meeting of Independent Directors was held on August 12, 2021 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 and 16(1)(b) of Listing Regulations confirming that they meet criteria of Independence as per relevant provisions of Companies Act, 2013 for financial year 2022-23. 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 appointment as Independent Directors and are independent of the Management.

Mrs. Vinita Parekh, Independent Director of the Company had resigned from Company w.e.f March 06, 2023 and non-executive directors do not hold any equity shares 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 www.karnavatifinancelimited.com/investors

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 www.karnavatifinancelimited.com

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.

In terms of the requirement of the Listing Regulations, the Board has identified the core Skills/expertise/competencies of the Directors in the context of the Company's business for effective functioning and as available with the Board. These are as follows

Skills/ expertise/ competencies	Mr. Jay Ramanbhai Morzaria	Mr. Raman Pragjibhai Morzaria	Mr. Vineshkumar Popatlal Makadia	Mrs. Birmda Minoobhai Bilimoria	Mr. Parth Chandreshbhai Maniar	Ms. Vinita Ajaybhai Parekh
Financial	Yes	Yes	Yes	Yes	Yes	Yes
Gender, ethnic, national, or other diversity	Yes	Yes	Yes	Yes	Yes	Yes
Leadership	Yes	Yes	-	-	Yes	Yes
Functional and managerial experience	Yes	Yes	Yes	Yes	Yes	Yes
Personal values	Yes	Yes	Yes	Yes	Yes	Yes
Strategy and Planning	Yes	Yes	-	Yes	Yes	Yes
Corporate governance	Yes	Yes	Yes	Yes	Yes	Yes

GOVERNANCE CODES

Code of Conduct

The Company's code of conduct requires Directors and employees to act honestly, fairly and ethically. The Code of conduct is placed on the Company's website www.karnavatifinancelimited.com/investors/

Conflict of Interest

On an annual basis, each Director informs the Company about the Board and the Committee position they occupy in other Companies. The member of the Board restricts themselves from any decision and voting in transactions that they have concern or interest.

Code of Conduct on insider trading

The Company has adopted a code of conduct for prevention of insider trading 2015 in accordance with SEBI (PIT) Regulations, 2015 as amended from time to time. The code is displayed on the Company's website at www.karnavatifinancelimited.com/investors/. There has been no violation on this front.

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 2022-23, 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.

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 29, 2022, August 09, 2022, November 14, 2022 and February 14, 2023 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 2022-23		
			Held	Eligible to attend	Attended
Mr. Parth Chandreshbhai Maniar	Independent & Non-Executive Director	Chairperson	4	4	4
Mrs. Birmda Minoobhai Bilimoria	Independent & Non-Executive Director	Member	4	4	4
Mr. Jay Ramanbhai Morzaria	Executive Director	Member	4	4	4

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. Parth Chandreshbhai Maniar, the Chairman of the Committee had attended last Annual General Meeting of the Company held on September 30, 2022.

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

B. Stakeholder's Relationship Committee

The Company has constituted Stakeholder's Grievance & Relationship 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.

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 to 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 1 (One) times viz on November 14, 2022 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 2022-23		
			Held	Eligible to attend	Attended
Mr. Parth Chandreshbhai Maniar	Independent & Non-Executive Director	Chairperson	1	1	1
Mrs. Birmda Minoobhai Bilimoria	Independent & Non-Executive Director	Member	1	1	1
Mr. Jay Ramanbhai Morzaria	Executive Director	Member	1	1	1

Name and Designation of Compliance Officer

Ms. Akanksha Rai, Company Secretary of the Company is acting as the Compliance Officer.

Complaint

Number of complaints outstanding as on April 1, 2022	Nil
Number of complaints received from the Shareholders from April 1, 2022 to March 31, 2023	Nil
Number of complaints solved to the satisfaction of the Shareholders from April 1, 2022 to March 31, 2023	Nil
Number of complaints not solved to the satisfaction of the Shareholders from April 1, 2022 to March 31, 2023	Nil
Number of complaints pending as on March 31, 2023	Nil

C. Nomination and Remuneration Committee

The Company has formed Nomination and Remuneration committee in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations.

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.
7. 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 Two (2) time viz. on May 29, 2022 and March 27, 2023.

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 2021-22		
			Held	Eligible to attend	Attended
Mr. Parth Chandreshbhai Maniar	Independent & Non-Executive Director	Chairperson	2	2	2
Mrs. Birmda Minoobhai Bilimoria	Independent & Non-Executive Director	Member	2	2	2
Ms. Vinita Ajaybhai Parekh*	Independent & Non-Executive Director	Member	2	1	1

*Ms. Vinita Parekh had resigned from Company as independent director w.e.f March 06, 2023, So Mr. Vineshkumar Makadiya Non-Executive Director of the Company has appointed as member of the Nomination and Remuneration Committee w.e.f March 27, 2023.

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 www.karnavatifinancelimited.com/investors/. 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; www.karnavatifinancelimited.com

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

Particulars	Name of the Executive Directors	
	Mr. Jay Morzaria	Mr. Raman Morzaria
Gross Salary	12,00,000	9,00,000
Commission for FY 2022 (paid in FY2022-23)	Nil	Nil
Date of agreement	-	-
No. of years	-	-
Period of agreement	-	-
Notice period	-	-
Stock options	N.A.	N.A.

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.

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	No. of Special Resolutions passed
2021-22	September 30, 2022 (Friday) At 12.30 PM	Meeting was held through Video conferencing and deemed venue of the meeting was Registered office of the company:	No Special resolution was passed.

		705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai – 400064, Maharashtra	
2020-21	September 29, 2021 (Wednesday) At 12.00 Noon	Meeting was held through Video conferencing and deemed venue of the meeting was Registered office of the company: 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai – 400064, Maharashtra.	No Special resolution was passed.
2019-20	September 29, 2020 (Tuesday) At 03:30 P.M.	Registered office of the company: 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai – 400064, Maharashtra.	1. To appoint Ms. Vinita Ajaybhai Parekh (DIN: 08739757) as Non-executive Independent Director on the board of the Company: 2. To appoint Mr. Kashyap Bharatkumar Vyas (DIN: 08747756) as Non-executive Director on the board of the Company: 3. To appoint Mr. Vineshkumar Popatlal Makadia (DIN: 00362318) as Non-executive Director on the board of the Company: 4. To increase the Borrowing Powers under Section 180(1) (c) of the Companies Act, 2013. 5. Restructuring of loans and extension in loan tenure on request of the customers.

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 “Pratahlal” in Marathi language and are displayed on the website of the Company on www.karnavatifinancelimited.com and on BSE website on www.bseindia.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 on any official news releases.

General Shareholders Information

Date, Time and Venue of 39th Annual General Meeting Day and Date: Friday, September 01, 2023

Time: 03.30 PM

Mode of AGM: Video Conferencing (VC) or other Audio Visual Means (OVAM)

Financial Year

12 months period starting from April 1 and ends on March 31 of subsequent year. This being financial year 2022-23 was started on April 1, 2022 and ended on March 31, 2023.

Financial Calendar

(Tentative and subject to change for the financial year 2023-24)

Quarter ending	Release of Results
June 30, 2023	On or Before August 14, 2023
September 30, 2023	On or Before November 14, 2023
December 31, 2023	On or Before February 14, 2023
March 31, 2024	On or Before May 30, 2024
Annual General Meeting for the year ending March 31, 2023	September 01, 2023

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 2022-23 (Previous year - Nil).

Book closure date

The Register of Members and the Share Transfer books of the Company will remain closed from Friday, August 25, 2023 to Friday, September 01, 2023 (both days inclusive) for the purpose of AGM of the Company to be held on Friday, September 01, 2023 at 03.30 p.m. (IST)

Listing on Stock Exchanges

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

Listing fees for the financial year 2022-23 has been paid to BSE Limited.

Stock Code/Symbol

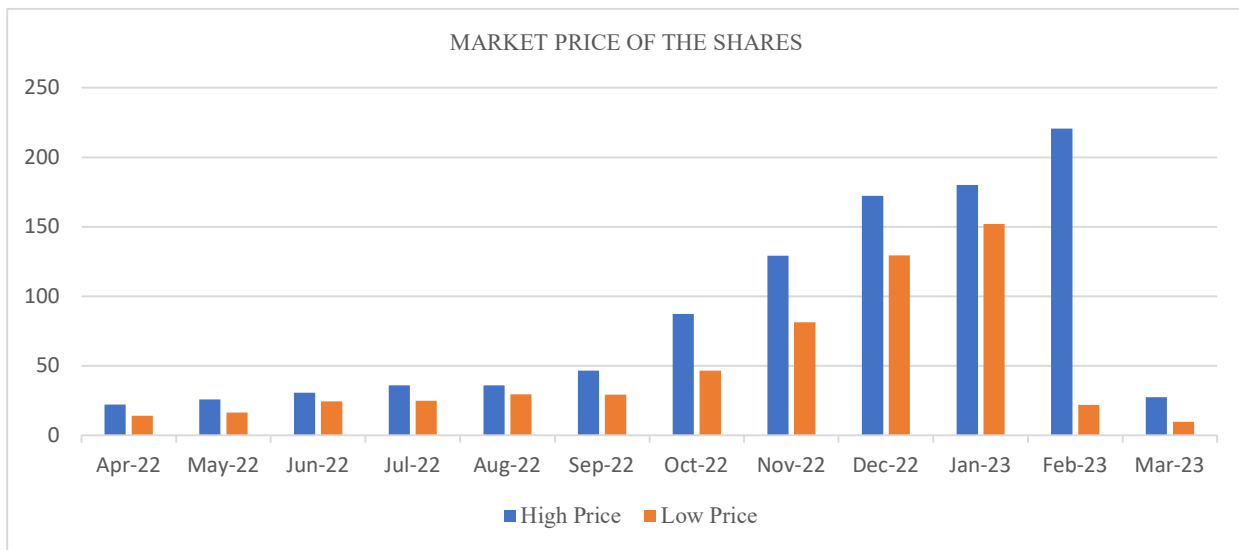
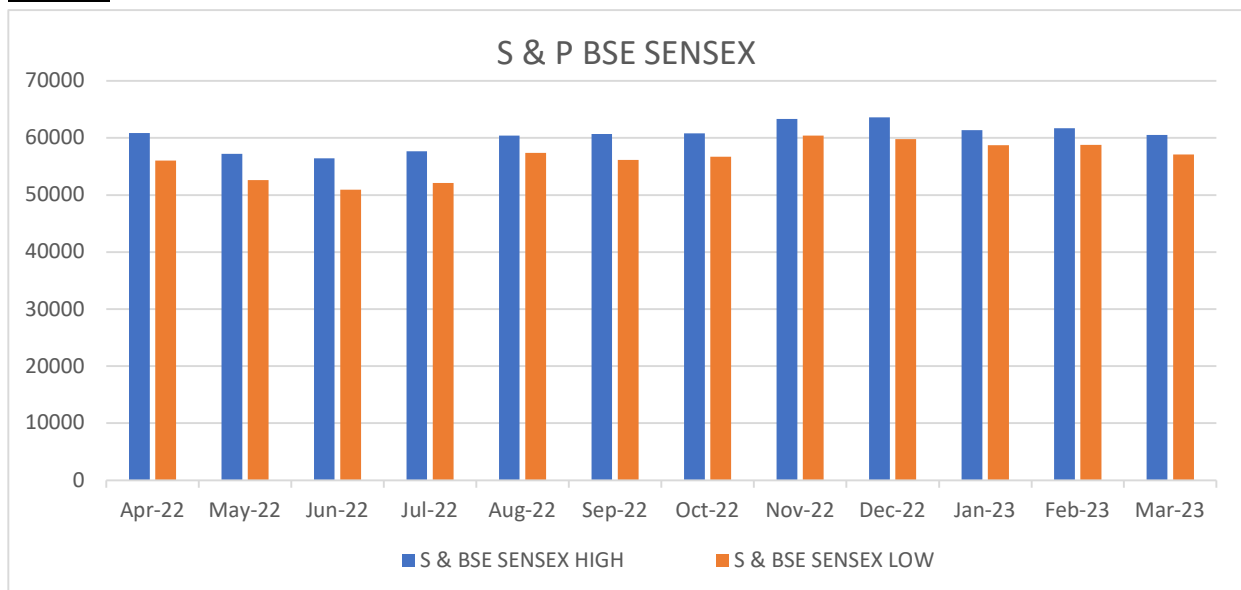
BSE Limited (Scrip Code – 538928; Scrip ID – KARNAVATI)

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	Low
April, 2022	22.15	14.15	19317	60845.10	56009.07
May, 2022	25.80	16.30	48865	57184.21	52632.48
June, 2022	30.70	24.55	121023	56432.65	50921.22
July, 2022	35.90	25.00	132608	57619.27	52094.25
August, 2022	35.90	29.70	203627	60411.20	57367.47
September, 2022	46.60	29.10	499044	60676.12	56147.23
October, 2022	87.25	46.60	43015	60786.70	56683.40
November, 2022	129.15	81.40	45525	63303.01	60425.47
December, 2022	172.25	129.25	290323	63583.07	59754.10
January, 2023	180.05	152.00	173384	61343.96	58699.20
February, 2023*	220.60	22.00	2106651	61682.25	58795.97
March, 2023	27.39	9.59	1147562	60498.48	57084.91

NOTE: *The Company has done sub-division/ split of equity share from 1 (one) equity share of face value ₹ 10/- to 10 (ten) equity shares of face value ₹ 1/- each with effect from 24th February 2023. Due to that it looks like huge drop in share price of the company.

CHART 1**CHART 2****Registrar and Transfer Agents****SATELLITE CORPORATE SERVICES P LTD**

Office no. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka, Mumbai-400072, Maharashtra.

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, 2023)

On the basis of number of shares held as provided by the RTA

No. of Shares	No. of Shareholders		No. of Shares		% of Total
	Number	% of Total	TOTAL SHARES	Amount(Rs.)	
Up to 5000	5009	87.76	1309393	1309393	1.30
5001 - 10000	41	0.79	335013	335013	0.33
10001 - 20000	24	0.46	369057	369057	0.37
20001 - 30000	15	0.29	432500	432500	0.43
30001 - 40000	5	0.10	172130	172130	0.17
40001 - 50000	5	0.10	230098	230098	0.23
50001 - 100000	26	0.50	2312130	2312130	2.30
100001 and Above	50	0.97	95339679	95339679	94.87
Total	5175	100	100500000	100500000	100

On the Category of Shareholders as provided by the RTA

No. of Shares	Shareholders		Number of Shares held	
	Number	% of Total	Number	% of Total
Resident Individuals	5108	98.71	24768854	24.64
Corporate Promoter Under Same Management	-	-	-	-
Bodies Corporate	8	0.15	9807448	9.76
Promoter	5	0.09	58929810	58.64
LLP	2	0.03	4966260	4.94
Clearing Members	3	0.06	2131	0.00
Hindu Undivided Family	49	0.96	2025497	2.02
Total	5175	100	100500000	100

Dematerialization of shares and Liquidity (as on March 31, 2023)

Mode	No. of Shares	Percentage
Demat		
NSDL	11436080	11.38%
CDSL	86059920	85.63%
Physical	3004000	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.

Equity Shares in the suspense account

The Company does not have any equity shares in the suspense account.

Transfer of unclaimed/unpaid amount to the Investor Education and Provident Fund

The Company does not have any instances of transferring any amount to the Investor Education and Provident Fund.

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. Akansha Rai (Company Secretary & Compliance Officer)

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

The Company has adhered to all the mandatory and non mandatory requirements of Regulation 27(1) of the SEBI Regulations relating to Discretionary Requirements as specified in Part E of Schedule II of Corporate Governance.

Disclosure of loans and advances given to subsidiaries as per Regulation 34(3) and 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties in which directors are interested during the year.

For transfer/dematerialization of shares, change of address of members and other queries: Satellite Corporate Services Private Limited

Office no. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka, Mumbai-400072, Maharashtra. 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, 2023. The Company has not obtained any credit rating during the year.

Commodity price risk or foreign exchange risk and hedging activities:

As such, the Company is not exposed to any commodity price risk, and hence the disclosure under Clause 9(n) of Part C of Schedule V in terms of the format prescribed vide SEBI circular dated November 15, 2018, is not applicable.

DISCLOSURE

Subsidiary Companies

The Company does not have any subsidiary companies.

Material Related Party Transactions

During the year all the related party transactions as defined under the Companies Act, 2013 and Regulation 23 of the SEBI regulations were in ordinary course of business and were at arm's length basis. The Board has approved a policy for related party transactions which has been uploaded on the Company's website. Web link where policy on dealing with related party transaction is detailed www.karnavatifinancelimited.com/investors/

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, 2022.

Web link where policy for determining material subsidiary is detailed www.karnavatifinancelimited.com/investors/

Compliances

The Company was in non-compliance of regulation 27(2) of SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015 ("SEBI LODR") for late submission of the corporate governance compliance report i.e after prescribed period under the said regulation. However, without prejudice in order to avoid any further violation contended allegation, the Company has transferred the imposed demanded fine to BSE.

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 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.

Policies

- The Company has adopted a policy for determining materiality of events/information as defined under regulation 30 of the SEBI regulations. The said policy is displayed on the Company's website www.karnavatifinancelimited.com/investors/
 - The Company has adopted a preservation of documents and archival policy for preservation of documents as defined under regulation 9 of the SEBI regulations. The said policy is displayed on the Company's website www.karnavatifinancelimited.com/investors/
 - The Company has adopted dividend distribution policy for distributing profits to the shareholders as defined under regulation 43A of SEBI regulations. The said policy is displayed on the Company's website www.karnavatifinancelimited.com/investors/
- The Board of directors confirmed that they have accepted all the recommendations received from all its committees.
No security of the Company has been suspended during the year.

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 2021-22 are prescribed under Board's Report forming part of this Annual Report. The said policy is displayed on the Company's website www.karnavatifinancelimited.com/investors/

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 www.karnavatifinancelimited.com/investors/

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.

Recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary

The remuneration proposition is based on the company's overall performance, individual performance, employees' potential, criticality of the function and its importance for achieving a competitive advantage in business.

Total fees paid to Statutory Auditors of the Company

Total fees of Rs. 2,28,200/- (Rupees Two Lakhs Twenty-Eight Thousand Two Hundred only) plus GST for financial year 2021-22, for all services, was paid by the Company to the statutory auditor and all entities in the network firm/network entity which the statutory auditor is a part of.

Annual 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 annual 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 availed the services of M/s KJB & CO LLP, Practicing Company Secretaries for providing this certification. The Company has publishing the said Annual Secretarial Compliance Report with BSE and same is available at the website www.bseindia.com

The Certificate has been received from M/s Renu Bang & Associates, Practicing Company Secretaries that none of the directors has been debarred or disqualified from being appointed or continuing as directors of Companies by SEBI/MCA or other such statutory authorities.

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), 17(1A) & 17(1B)	Yes
3	Meeting of Board of directors	17(2)	Yes
4	Quorum of Board Meeting	17(2A)	Yes
5	Review of Compliance Reports	17(3)	Yes
6	Plans for orderly succession for appointments	17(4)	Yes
7	Code of Conduct	17(5)	Yes
8	Fees/compensation	17(6)	Yes
9	Minimum Information	17(7)	Yes
10	Compliance Certificate	17(8)	Yes
11	Risk Assessment & Management	17(9)	Yes
12	Performance Evaluation of Independent Directors	17(10)	Yes
13	Recommendations of Board	17(11)	Yes
14	Maximum number of Directorship	17A	Yes
15	Composition of Audit Committee	18(1)	Yes
16	Meeting of Audit Committee	18(2)	Yes
17	Composition of nomination & remuneration committee	19(1) & (2)	Yes
18	Quorum of Nomination and Remuneration committee meeting	19(2A)	Yes
19	Meeting of Nomination and Remuneration Committee	19(3A)	Yes
20	Composition of Stakeholder Relationship Committee	20(1), 20(2)& 20(2A)	Yes
21	Meeting of Stakeholder Relationship Committee	20(3A)	Yes
22	Composition and role of risk management committee	21(1),(2),(3),(4)	NA
23	Meeting of Risk Management Committee	21(3A)	NA
24	Vigil Mechanism	22	Yes
25	Policy for related party Transaction	23(1) (1A),(5),(6),(7) & (8)	Yes
26	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
27	Approval for material related party transactions	23(4)	Yes
28	Disclosure of related party transactions on consolidated basis	23(9)	Yes
29	Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
30	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	NA
31	Annual Secretarial Compliance Report	24A	Yes
32	Alternate Director to Independent Director	25(1)	NA
33	Maximum Tenure	25(2)	Yes
34	Meeting of independent directors	25(3) & (4)	Yes
35	Familiarization of independent directors	25(7)	Yes
36	Declaration from Independent Directors	25(8) & (9)	Yes
37	D & O Insurance for Independent Directors	25(10)	NA
38	Memberships in Committees	26(1)	Yes
39	Affirmation with compliance to code of conduct from members of	26(3)	Yes

	Board of Directors and Senior management personnel		
40	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
41	Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes

Compliance Certificate of the Auditors

A Certificate from the Secretarial Auditors of the Company M/s. Renu Bang & Associates, Practicing Company Secretary, Mumbai 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 – D2** to this Report.

Registered Office:

Vraj Group, 2nd Floor, Simran Centre,
Mogra Village, 30H Parsi Panchayat Road,
Andheri East, Mumbai-400053.

Sd/-

Jay Ramanbhai Morzaria

Managing Director

DIN: 02338864

For and on behalf of Board of Directors

Karnavati Finance Limited

Sd/-

Raman Pragjibhai Morzaria

Whole-Time Director

DIN: 00203310

Place: Mumbai

Date:

DECLARATION

I, Jay Ramanbhai Morzaria, Managing Director of Karnavati Finance Limited hereby declare that as of March 31, 2023, 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:

Vraj Group, 2nd Floor, Simran Centre,
Mogra Village, 30H Parsi Panchayat Road,
Andheri East, Mumbai-400053.

Sd/-

Jay Ramanbhai Morzaria

Managing Director

DIN: 02338864

For and on behalf of Board of Directors

Karnavati Finance Limited

Sd/-

Raman Pragjibhai Morzaria

Whole-Time Director

DIN: 00203310

Place: Mumbai

Date:

Annexure – D - SECRETARIAL AUDIT REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2023.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Karnavati Finance Limited
Mumbai.

We KJB & CO LLP, Practicing Company Secretaries have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate governance practice by **Karnavati Finance Limited (“the Company”)**. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent possible, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2023, according to the provisions of:

- i. The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable during the period under review of Overseas Direct Investment; External Commercial Borrowings -**Not applicable to the Company for the year under review;**
- v. 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”);
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company for the year under review;**
 - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (**PIT Regulations**);
 - d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable to the Company for the year under review;**
 - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not applicable to the Company for the year under review;**
 - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 – **Not applicable to the Company for the year under review;**
 - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable to the Company for the year under review;**
 - h. 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 – **Not applicable to the Company for the year under review;**

- i. The Securities and Exchange Board of India (Share based Employee Benefits and Sweat Equity) Regulations, 2021 – **Not applicable to the Company for the year under review;**

We have also examined compliance with the applicable clauses of the Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above to the extent applicable, *except:*

1. Pursuant to regulation 17(1)(b) of LODR regulations, during the Period under review Ms. Vinita Parekh an Independent Director has been resigned w.e.f March 6, 2023. Further being Executive Director as Chairman of the Company, at least half of the board of directors of the listed entity shall consist of independent directors. As on March 31, 2023 the Company has 5 Director including 2 Independent. However, the Company has appointed Mr. Ashish Batavia as non-executive - non independent Director cum Chairperson with effect from 5th June 2023.

2. Pursuant to regulation 27(2) LODR regulations The Company has submitted corporate governance compliance report for the Quarter ended March 2022 as on May 25, 2022 and Stock Exchange has imposed fine as per SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 of Rs. 80,240 and the same is paid by the Company.

3. Pursuant to Regulation 29(2)/29(3) of LODR regulations the Company has given intimation as on August 04, 2022 for the meeting of Board of Directors held as on August 09, 2022 to inter alia consider and approve unaudited financial for the quarter ended June 2022 and Stock Exchange has imposed fine as per SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 of Rs. 11,800 and the same is paid by the Company.

4. Pursuant to Regulation 34(1)(a), 36(2) of LODR regulations The Company has disseminated the notice of the AGM (September 30, 2022) and Annual Report on the website of the stock exchange as on September 9, 2022 in compliance with the statutory requirements which are publicly available to the all stakeholders However, due to some pending formalities and confirmations between the management and NSDL the same was not released to the members on the same day and the same was delivered as on September 14, 2022.

5. Pursuant to Regulation 46 of LODR regulations the Company has not disseminated information as required under Regulation 46. details of familiarization programmes imparted to independent directors, Shareholding Patterns, Financial, notices of meeting of the board of directors where financial results shall be discussed, financial results, on conclusion of the meeting of the board of directors where the financial results were approved, complete copy of the annual report including balance sheet, profit and loss account, directors report, corporate governance report etc.; Newspaper advertisement of Financial Results, Notices given to shareholders by advertisements, Notices of AGM/EGM, Annual Secretarial Compliance Report, all such events or information which has been disclosed to stock exchange(s) under regulation 30 of Sebi (LODR) 2015, disclosure of contact details of key managerial personnel who are authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) as required under sub-regulation (5) of regulation 30 of Sebi (LODR) 2015, Annul Return under section 92 of Companies Act 2013, updated composition of various committees of board of directors, the email address for grievance redressal and other relevant details, contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances etc.

6. Pursuant to Regulation 3(2B), 3(5) and 3(6) of PIT Regulations, the Company was not upgraded to a System Driven Disclosure system during the period under review. and we were unable to express our opinion in respect of compliance of Reg. 3(2B) of PIT Regulations in the course of audit as we did not find any instance of notice given by the Company to any person to maintain confidentiality with whom any unpublished price sensitive information pursuant to 'legitimate purpose' if any shared by the Company. Except dissemination of window closer on Stock Exchange. However, the Company has started to maintain Structured Digital Database upon purchase of software "THE PIT Archive" on June 30, 2023.

I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director except as mentioned above.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in some cases the meetings were held at shorter notices. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. On verification of minutes, we have not found any dissent/disagreement on any of the agenda items discussed in the Board and Committee meetings from any of the Directors and all the decisions are carried through.

Based on the information received and records maintained, we 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.

We further report that, having regard to the compliance system prevailing in the Company and on the basis of the representations made by the management, the Company has identified and complied with the various laws applicable to the Company inter-alia:

- i. Reserve Bank of India Act, 1934 with regard to Non-Banking Finance Company (NBFC) ;
- ii. Master Direction - Know Your Customer (KYC) Direction, 2016;
- iii. Fair Practice Code for NBFCs;
- iv. Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

**For KJB & CO LLP,
Practicing Company Secretaries
Firm Unique Identification No. – L2020MH006601**

Peer Review Certificate No. – 2797/2022

**Sd/-
Alpeshkumar Panchal
Partner
Membership No. – A49008
C. P. No. – 20120
UDIN: A049008E000772852
Date: 09th August 2023
Place: Vadodara**

ANNEXURE A

To,
The Members,
Karnavati Finance Limited,
Mumbai.

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report 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.

**For KJB & CO LLP,
Practicing Company Secretaries
Firm Unique Identification No.- L2020MH006601
Peer Review Certificate No.- 2797/2022**

**Sd/-
Alpeshkumar Panchal
Partner
ACS No. - 49008
C. P. No. – 20120
UDIN: A049008E000772852
Date: 09th August 2023
Place: Vadodara.**

CERTIFICATE OF NON -DISQUALIFICATION OF DIRECTORS*(Pursuant to Regulation 34(3) and clause 10(i) of Part C of Schedule V of SEBI (LODR) Regulations, 2015)*

To,
The Members of
KARNAVATI FINANCE LIMITED
Vraj Group, 2nd Floor, Simran Centre
Mogra Village, 30H Parsi Panchayat Road
Andheri East, Mumbai – 400053.

I have examined the relevant registers, records, forms, returns and disclosures received from all the Directors of Karnavati Finance Limited (CIN: L65910MH1984PLC034724) having registered office at Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Mumbai - 400053. (Hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with the 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 and the respective Directors, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Director of Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

SN	Name of Directors	DIN	Date of Appointment in the Company
1	Mr. Jay Ramanbhai Morzaria	02338864	15/09/2010
2	Mr. Raman Pragjibhai Morzaria	00203310	29/09/2001
3	Mr. Parth Chandreshbhai Maniar	07980886	20/09/2018
4	Ms. Birmda Minoobhai Bilimoria	08196034	13/08/2018
5	Mr. Vineshkumar Popatlal Makadia	00362318	16/01/2021
6	Mr. Ashish Nandkishor Batavia	10181918	05/06/2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

For, RENU BANG & ASSOCIATES,
Practicing Company Secretary

Sd/-
FCS No.: F10052
C P No.: 12913
UDIN: F010052E000773925
Date: 9th August, 2023
Place: Chennai

Annexure D-2

**CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER THE SEBI
(LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

To,
The Members of
KARNAVATI FINANCE LIMITED
Vraj Group, 2nd Floor, Simran Centre
Mogra Village, 30H Parsi Panchayat Road
Andheri East, Mumbai – 400053.

I have examined all the records of **Karnavati Finance Limited (KFL)** (CIN L65910MH1984PLC034724) for the purpose of certifying the compliance of the disclosure requirements and conditions of Corporate Governance by **KFL**, for the year ended on March 31, 2023, as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub regulation 2 of Regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”). I have obtained all the information and explanations to the best of my knowledge and belief, which were necessary for the purpose of this certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance stipulated in SEBI Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to our examination of the relevant records and the explanations given to us, and the representations made by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

I further state that such compliance 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.

For, RENU BANG & ASSOCIATES,
Practicing Company Secretary

Sd/-
FCS No.: F10052
C P No.: 12913
UDIN: F010052E000773947
Date: 9th August, 2023
Place: Chennai

**CEO/CFO CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS AND
DISCLOSURE
REQUIREMENTS) REGULATIONS, 2015**

To,

The Board of Directors,

KARNAVATI FINANCE LIMITED,

We, Mr. Jay Ramanbhai Morzaria, Managing Director, Mr. Kush Ramanbhai Morzaria Chief Finance Officer of Karnavati Finance Limited do hereby certify to the Board that in respect to the Financial Year ended March 31 2023.

1. We have reviewed the financial statements and the Cash Flow statement of the Company for the year ended March 31, 2023, and to the best of our knowledge and belief, we state that:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2023 which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control system of the Company pertaining to financial reporting and we have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We further certify that we have indicated to the Auditors and the Audit Committee:
 - a) There have been no significant changes in internal control over financial reporting during the year;
 - b) There have been no significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
 - c) There have been no instances of significant fraud, of which we have become aware, involving management or any employee having a significant role in the Company's internal control system over financial reporting.

Date: August 07,2023

Place: Mumbai

**Sd/-
Jay Ramanbhai Morzaria
Chairman & Managing Director
DIN: 02338864**

**Sd/-
Kush Ramanbhai Morzaria
CFO (KMP)
PAN: BAJPM1377E**

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

There has been a rapid expansion of the global financial system, spurred by differential regulation, technological and financial progress, and innovative business models. In this milieu, the footprint of non-bank financial intermediaries (NBFIs) has expanded considerably, accounting for almost half the global financial assets in 2020 (FSB, 2021).

In emerging market economies (EMEs) like India, non-banks have established themselves as an integral and indispensable part of the financial landscape. They further the financial inclusion agenda by complementing the mainstream banking system. They are adept at gauging the differential needs of their customers and offer tailored financial products and solutions (RBI, 2021). Non-banks have also hopped on the ‘digital bandwagon’, which is transforming India’s financial sector, particularly since the COVID-19 pandemic. Having benefitted from lighter and differential regulation vis-à-vis banks, non-banks foster innovation and spur competitiveness in the financial sector, ultimately benefitting the consumers. The Reserve Bank is set to implement Scale Based Regulation (SBR) and Prompt Corrective Action (PCA) Framework for NBFCs from October 2022. These regulations aim at creating a strong and resilient financial system while ensuring that the diversity and flexibility of NBFCs are preserved.

INDIAN ECONOMY

The India’s real GDP growth at 7.2 per cent for FY 2022-23 takes it modestly lower the level of GDP in 2021-22. Private consumption, the mainstay of domestic demand, continues to trail its pre-pandemic level. The persistent increase in international commodity prices, surge in volatility of global financial markets and global supply bottlenecks can exacerbate risks to the outlook.

Going forward, government’s thrust on capital expenditure and exports are expected to enhance productive capacity and strengthen aggregate demand. This would also crowd in private investment. The conducive financial conditions engendered by the RBI’s policy actions will provide impetus to investment activity. The surveys done by the RBI reveal that capacity utilisation is rising, and the outlook on business and consumer confidence remain in optimistic territory, which should support investment as well as consumption demand. The prospects for agriculture have brightened on good progress of winter crop sowing.

In terms of number of companies, NBFCs-ND, with an asset size of less than ₹500 crore, have the largest share. NBFCs-ND-SI are second in terms of number of companies, but they have the largest share of around 81 per cent of the total assets of the sector.

Overall, there is some loss of the momentum of near-term growth while global factors are turning adverse. Looking ahead, domestic growth drivers are gradually improving. Considering all these factors, real GDP growth is projected at 6.5 per cent for 2023-24 with Q1:2023-24 at 8.00 per cent; Q2 at 6.5 per cent; Q3 at 6.0 per cent; and Q4 at 5.7 per cent..

INDUSTRY STRUCTURE AND DEVELOPMENTS

Non-Banking Financial Corporations (NBFCs) have emerged as the primary source of financing for a vast section of the population including small and medium-scale enterprises as well as the economically unserved and underserved individuals. They have been able to meet the diverse requirements of borrowers in the most efficient and timely approach considering their wide geographic reach, comprehension of the numerous financial needs of people, and extremely swift turnarounds. Therefore, non-bank lenders have contributed significantly to the cause of financial inclusion in this process and have also been a key component in fostering the expansion of millions of MSMEs and self-employed people. In addition to the growing role played by non-bank lenders in the consumer financing industry, the expansion of a few key economic sectors, including housing, consumer goods, and transportation, has been boosted. Non-Banking Financial Companies (NBFCs) have contributed towards the development of the country's infrastructure. The availability of long-term funding by non-bank lenders has helped in the financial closure and growth of many large-scale infrastructural projects. Non-Banking Financial Companies (NBFCs) have played a crucial role in fostering credit expansion across a range of industries, including microfinance loans, personal loans, and auto finance loans.

NBFCs have become increasingly important in recent years as they have played a critical role in providing credit to individuals and businesses that are underserved by traditional banks. This is especially true in rural and semi-urban areas, where NBFCs have been able to fill the gap left by banks. One of the key advantages of NBFCs is their ability to be flexible in their lending practices. Unlike banks, which have a rigid set of guidelines for lending, NBFCs can tailor their lending practices to meet the specific needs of their clients. This has made them an attractive option for those who are looking for more personalised financial services. They are financial institutions that provide a wide range of banking services like loans, credit facilities, investments, and other financial products. NBFCs have played a significant role in the Indian economy's growth story, especially in the rural and semi-urban areas. They cater to the financial needs of small and medium-sized businesses, entrepreneurs, farmers, and individuals who do not have access to traditional banking services. In this article, we will explore the future of NBFCs in India.

Another advantage of NBFCs is their ability to provide loans quickly. Unlike banks, which have a lengthy approval process, NBFCs can approve loans much faster. This is because they have a smaller bureaucracy and can make decisions quickly. NBFCs have become increasingly important in India owing to the use of technology to reach wider audiences. Many NBFCs have developed digital platforms that allow customers to apply for loans online, making the process faster and more convenient. This has helped to attract a younger, tech-savvy customer base. The trend of consolidation has been beneficial for the NBFC space. The recent wave of mergers and acquisitions in this sector has been rising as larger NBFCs seek to expand their reach and smaller ones look to scale up their operations.

However, NBFCs also have their share of challenges. One of the biggest challenges facing NBFCs in India is access to funding. Unlike banks, which have access to low-cost deposits, NBFCs must rely on borrowing from banks or issuing bonds to raise funds. This can make it difficult for NBFCs to compete with banks on interest rates. Another challenge faced by NBFCs is the regulatory environment. While the RBI regulates NBFCs, there are also several other regulators that oversee different aspects of the financial services industry. This can create confusion for NBFCs, especially those that operate across multiple states or regions.

Despite these challenges, NBFCs have continued to grow in India. The government is taking several measures to ease the challenging situations prevailing in the sector by way of providing liquidity support to NBFCs, Housing Finance Companies (HFCs), as well as Microfinance Institutions (MFIs) and introducing partial credit guarantee schemes, etc.

NBFCs have increasingly been playing a significant role in financial intermediation by complementing and competing with banks, and by bringing efficiency and diversity into the financial ecosystem. NBFCs enjoy greater operational flexibility to take up a wider scale of activities, enter new geographies and sectors and thus grow their operations.

After the pandemic decline, 2023 has brought growth for the NBFCs. It has demonstrated an innovative and resilient streak over the years which includes adapting efficiently even during the COVID-19 pandemic to avoid the revolving credit landscape. The market share of NBFCs has increased in the last few years with Asset Under Management (AUM) accounting for as much as 18% of the overall credit on March 2019, up from 12% in March 2008. A few challenges over the past three years lowered their share to 16% in fiscal 2022, with banks making bigger growth strides. The increase in NBFCs AUM from US\$ 44.02 billion (Rs. 3.6 lakh crore) in March 2008 to almost US\$ 330.21 billion (Rs. 27 lakh crore) in March 2022, and is expected to increase further, indicates the importance of the sector to overall credit delivery in the economy.

Measures taken by RBI

Repo Rate and Reverse Repo Rate: monetary policy for 2023-24. Repo rate remains unchanged at 6.5 per cent. Maintains pause for second time in a row. Standing deposit facility rate remains at 6.25 per cent.

CRR: It has been decided that with effect from the fortnight beginning August 12, 2023, scheduled banks shall maintain an incremental cash reserve ratio (I-CRR) of 10 percent on the increase in their net demand and time liabilities (NDTL) between

May 19, 2023 and July 28, 2023.

OPPORTUNITIES AND THREATS OPPORTUNITIES:

- Diversified portfolio products across personal finance, business finance and mortgage finance (Loan against property)
- Opening of financial sector in India along with Introduction of Innovative products
- Strong relationship with public, private as well as banks, institutions and investors
- Focus on MSME segments traditionally not served by banks
- Large untapped rural and urban markets.
- Enhanced digital solutions for business and collections

THREATS:

- Increased competition across the company's product segments from captive finance companies and small finance banks
- Inadequate availability of bank finance and upsurge in borrowing cost
- External risks associated with liquidity stress, political uncertainties, fiscal slippage concerns, etc.
- Growing number of Fintech companies.
- Attraction and retention of human capital

(Amount in Lakhs)

Particulars	F.Y. 2022-23	F.Y. 2021-22
Revenue From Operations	277.50	219.53
Other operation Income	7.13	20.43
Impairment Profit	0	0
Total Revenue	284.63	239.96
Less: Total Expenses before Depreciation, Finance Cost & Tax	175.95	203.36
Operating Profits before Depreciation, Finance Cost & Tax	108.75	44.13
Less: Depreciation	0.66	0.77
Finance cost	33.33	2.86
Profit/(Loss) Before Tax	74.76	40.51
Less: Current Tax	18.67	10.21
Less: Deferred Tax Liability (Assets)	(0.01)	(0.02)
Profit/(Loss) after Tax	56.11	30.31

Financial Performance

During the financial year 2022-23, The Company has earned total income of Rs 284.63 Lakhs from business activities as compared to Rs 239.96 Lakhs in previous year. The total revenue of the company is increased by 18.62%. The Total income of the Company decreased mainly due to Interest on Loan received by company was decreased in comparison of previous year.

The total Profit before tax for the financial year 202-23 stood at Rs. 74.76 Lakhs and the total net profit after tax for the financial year 2021-22 stood at Rs. 40.51 Lakhs.

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.

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.

OUTLOOK

India's GDP has reached \$3.75 trillion in 2023, from around \$2 trillion in 2014; moving from 10th largest to 5th largest economy in the world. India is now being called a Bright Spot in the global economy," tweeted Nirmala Sitharaman's office. the progress of the vaccination programme and the restrictions on activity and the period for which they continue A prolonged period of

economic weakness caused by the second wave of the pandemic and uncertainty regarding normalisation could continue to impact banking sector loan growth, revenues, margins, asset quality and credit costs in fiscal 2022.

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.

KEY FINANCIAL RATIOS

FY 2022-23			
Ratio	Variables (in Lakhs)		Result
1. Debtors Turnover	284.63	-	-
2. Inventory Turnover	284.63	1.85	153.49
3. Interest Coverage Ratio	108.09	33.33	3.24
4. Current Ratio	181.08	74.22	2.94
5. Debt Equity Ratio	1272.60	1357.58	0.09
6. Operating Profit Margin(%)	-	-	-
7. Net Profit Margin(%)	56.11	284.63	12.63
8. Return on Net worth	56.11	1357.58	2.33

FY 2020-21			
Ratio	Variables		Result
1. Debtors Turnover	239.96	1.62	148.56
2. Inventory Turnover	239.96	1.71	140.14
3. Interest Coverage Ratio	43.37	2.86	15.15
4. Current Ratio	24.31	8.28	2.94
5. Debt Equity Ratio	121.17	1304.47	0.09
6. Operating Profit Margin (%)	-	-	-
7. Net Profit Margin (%)	30.31	239.96	12.63
8. Return on Net worth	30.31	1301.47	2.33

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

Independent Auditors' Report

To the members of Karnavati Finance Limited

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying financial statements of Karnavati Finance Limited (the "Company"), which comprise the Balance sheet as at March 31, 2023, and the Statement of Profit and Loss for the period then ended, the Cash flow Statement for the year ended March 31, 2023 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 Indian 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the Statement as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion. Forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibility is to express an opinion on these 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view of in conformity with the:

- In the case of Balance sheet, of the State of Affairs of the Company as at March 31, 2023; and
- In the case of Statement of profit and loss, of the Profit for the Year ended on March 31, 2023; and
- Its cash flow statement for the year ended March 31, 2023.
- Statement of changes in the equity for the year ended March 31, 2023.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters How addressed in Audit	How addressed in Audit
<p>Indian Accounting Standards (Ind-AS) as specified under Section 133 of the Act, read with relevant rules there under have been made mandatorily applicable for specified Non-Banking Finance Companies applicable with effect from April 1st, 2019 and consequently these standalone financial statements have been prepared by the management in compliance with the Ind AS framework. As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected credit Loss (ECL) on financial assets, which involves application of significant judgement and estimates including use of key assumptions such as probability of default and loss given default</p> <p>Refer Note 29 to the Financial Statements</p>	<p>We have evaluated the management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to:</p> <ul style="list-style-type: none"> – The identification of events leading to a significant increase in risk and credit impairment events; and <p>The determination of the impaired credit loss allowances and the key assumptions including probability of default and loss given default on a forward looking basis having regard to historical experiences.</p> <p>We understood and assessed the appropriateness of the impairment methodology developed and used by the management at the entity level. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.</p> <p>We found that these key controls as above, were designed, implemented and operated effectively, and therefore have</p>

placed reliance on these key controls for the purposes of our audit of ECL and impairment loss allowances

Information Other than the Financials Statements and Auditor's Report thereon (Other Information)

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Corporate Overview, Board's Report, Management Discussion and Analysis Report and Report on Corporate Governance in the Annual Report of the Company for the financial year 2022-23 but does not include the financial statements and our auditor's report thereon. The reports containing the other information as above are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 Indian Accounting Standards referred to in section 133 of the Act read with rules issued thereunder;
- e. On the basis of written representations received from the directors as at 31st March 2023, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31st March 2023, from being appointed as a director in terms of subsection (2) of section 164 of the Companies Act, 2013.
- f. 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.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Section 197(16) of the Act, in our opinion and to the best of our information and according to the explanations given to us: the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- 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 disclosed impact of pending litigations on its financial position 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 are no amounts which required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR D G M S & Co. (Chartered Accountants)
 F. R. No. :112187W
 Sd/-
 HIREN JAYANTILAL MARU
 Partner
 M. No. : 115279
 UDIN: 23115279BGTWIG7206

Date : 27th May 2023
 Place : Mumbai

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

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

(i) Property, Plant & Equipment and Intangible Assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- b) The Company has maintained proper records showing full particulars of intangible assets.
- c) Property, Plant and Equipment have been physically verified by the management at reasonable intervals; any material discrepancies were noticed on such verification and if so, the same have been properly dealt with in the books of account.
- d) According to the information and explanation given to us the title deeds of all the immovable properties. (Other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
- e) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) Inventory and working capital:

- a) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with third parties. Confirmations of such stocks with third parties have been obtained by the Company in most of the cases. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets.

(iii) Investments, any guarantee or security or advance or loans given:

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.
 1. The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year.
 2. In our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
 3. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
 4. In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
 5. No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
 6. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(6) is not applicable.

(iv) Loan to directors:

- a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

(v) Deposits:

- a) The company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any relevant provisions of the 2013 act and the rules framed there under to the extent notified.

(vi) Maintenance of Cost Records:

- a) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/ or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.

(vii) Statutory Dues:

- a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, GST, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, there is undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2023 for a period of more than six months from the date they became payable.

Name of Statute	Nature of Dues	Financial Year	Amount(Rs.)
Income Tax Act 1961	Income Tax	2011-12	7,400
Income Tax Act 1961	Tax Deducted at Source	2015-16	510
Income Tax Act 1961	Tax Deducted at Source	2017-18	20
Income Tax Act 1961	Tax Deducted at Source	2020-21	190
Income Tax Act 1961	Tax Deducted at Source	2021-22	940

- b) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, GST, excise duty and cess which have not been deposited on account of any dispute.

Name of Statute	Nature of Dues	Financial Year	Amount(Rs.)
Income Tax Act 1961	Income Tax	2020-21	5,45,770 (Under Rectification)

(viii) Disclosure of Undisclosed Transactions:

- a) There According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) Loans or Other Borrowings:

- a) Based on our audit procedures and according to the information and explanations given to us, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) Money Raised by IPOs, FPOs:

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) Fraud:

- a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) Nidhi Company:

- a) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) Related Party Transactions:

- a) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) Internal Audit System:

- a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered the internal audit report for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) Non-cash Transactions:

- a) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) Registration under section 45-IA of RBI Act, 1934:

- a) In our opinion, the company is Non-Banking Finance Company registered under section 45-IA of the Reserve Bank of India Act, 1934 vide certificate of registration no. 13.00064 dated February 24, 1998.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) Cash losses:

- a) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) Resignation of statutory auditors:

- a) There has been no resignation of the statutory auditors of the Company during the year.

(xix) Material uncertainty on meeting liabilities:

- a) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Compliance of CSR:

According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to spent amount towards Corporate Social Responsibility (CSR) as per the section 135 of companies' act, 2013, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

FOR D G M S & Co.
(Chartered Accountants)
F. R. No. :112187W

Date : 27th May 2023
Place : Mumbai

Sd/-
HIREN JAYANTILAL MARU
Partner
M. No. : 115279
UDIN: 23115279BGTWIG7206

Annexure B 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 2023 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 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, 2023, 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 D G M S & Co.
(Chartered Accountants)
F. R. No. :112187W

Date : 27th May 2023
Place : Mumbai

Sd/-
HIREN JAYANTILAL MARU
Partner
M. No. : 115279
UDIN: 23115279BGTWIG7206

Karnavati Finance Limited CIN NO.L65910MH1984PLC034724 BALANCE SHEET AS ON 31 March 2023					
(Rupees in Lakhs)					
Particulars	Note No.	AS AT 31 March 2023		AS AT 31 March 2022	
1	2	3	4	5	6
I. ASSETS					
1 Financial Assets					
a Cash and cash equivalents	3		168.82		10.39
b Bank Balances other than cash and cash equivalents	4				
c Receivables	5				
(i) Trade receivables		-		1.62	
(ii) Other receivables					1.62
d Loans	6		2,534.78		1,417.56
e Investments					
f Other Financial assets	7		12.86		12.31
2 Non Financial Assets					
a Inventories	8		1.85		1.71
b Current tax assets (net)					
c Deferred tax assets (net)			1.03		1.02
d Property, plant and equipment	9		0.90		1.57
e Intangible assets					
f Other non - financial assets			15.20		
TOTAL			2,735.45		1,446.17
II. LIABILITIES AND EQUITY					
1 Liabilities					
A Financial liabilities	10				
a Payables					
(I) Trade payables					
(i) Total Outstanding dues of micro enterprises and small enterprises					
(ii) Total Outstanding dues of creditor other than micro enterprises and small enterprises		74.72	74.72	8.28	8.28
(II) Other payables					
(i) Total Outstanding dues of micro enterprises and small enterprises					
(ii) Total Outstanding dues of creditor other than micro enterprises and small enterprises					
b Debt Securities					
c Borrowings (other than debt securities)	11		1,272.60		121.17
d Deposits					
e Subordinate debts					
f Other Financial Liabilities	12				
b Non - financial liabilities					
Current tax liabilities (net)					
Provisions	13		24.98		14.37
Other non - financial liabilities	14		5.57		0.88
2 Equity					
Equity Share Capital	15	1,005.00		1,005.00	
Other Equity	16	352.58	1,357.58	296.47	1,301.47
TOTAL			2,735.45		1,446.17
			0.00		(0.00)

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 D G M S & Co.
Chartered Accountants

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
Place: Mumbai
Date : 27th May 2023
UDIN: 23115279BGTWIG7206

Raman P Morzaria
Whole Time Director
DIN: 00203310

Jay R Morzaria
Managing Director
DIN: 02338864

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E

Akanksha Rai
Company Secretary
PAN: BFZPR9132P

Place: Mumbai
Date : 27th May 2023

Place: Mumbai
Date : 27th May 2023

Karnavati Finance Limited CIN NO.L65910MH1984PLC034724 PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31 March 2023		(Rupees in Lakhs)	
Particulars	Refer Note No.	FOR THE Year ENDED 31 March 2023	FOR THE Year ENDED 31 March 2022
Revenue From Operations			
a Interest Income	17	277.50	219.53
b Fees and comission Income	17A	7.13	20.43
c Net gain on Fair Value Changes			
d Sale of Services			
e Impairment Profit			
I. Total Income From Operations		284.63	239.96
II. Other income		0.07	7.54
III. Total Income (I + II)		284.70	247.50
Expenses:			
a Finance costs	18	33.33	2.86
b Fees and comission Expenses			
c Net Loss on Fair Value Changes			
d Purchases of Stock-in-Trade	19	-	-
e Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	(0.14)	(0.06)
f Employee benefits expense	21	68.10	38.82
g Depreciation and amortization expense	22	0.66	0.77
h Other expenses	23	107.99	164.61
IV. Total expenses		209.94	206.99
V. Profit before exceptional and extraordinary items and tax (III-IV)		74.76	40.51
VI. Exceptional items			
VII. Profit before extraordinary items and tax (V - VI)		74.76	40.51
VIII. Extraordinary Items			
IX. Profit before tax (VII- VIII)		74.76	40.51
X Tax expense:			
(1) Current tax		18.67	10.21
(2) Deferred tax		(0.01)	(0.02)
(3) Prior Period Income Tax written off			
Profit (Loss) for the period from continuing operations (VII-VIII)		56.11	30.31
Profit/(loss) from discontinuing operations			
Tax expense of discontinuing operations			
Profit/(loss) from Discontinuing operations (after tax)		-	-
XII			
XIII Profit (Loss) for the period (XI + XII)		56.11	30.31
Other Comprehensive Income			
(A)(i) Items that will not be reclassified to profit or loss			
(ii) Income Tax on items that will not be reclassified to profit or loss			
Subtotal (A)			
(B)(i) Items that will be reclassified to profit or loss			
(ii) Income Tax on items that will be reclassified to profit or loss			
Subtotal (B)			
XIV Other Comprehensive Income (A+B)			
Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit for and Loss and Other Comprehensive Income For the period)		56.11	30.31
XV			
XVI Earnings per equity share:			
(1) Basic		0.00	0.00
(2) Diluted		-	-

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 D G M S & Co.
Chartered Accountants

Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
Place: Mumbai
Date : 27th May 2023
UDIN: 23115279BGTWIG7206

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Raman P Morzaria
Whole Time Director
DIN: 00203310

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E
Place: Mumbai
Date : 27th May 2023

Jay R Morzaria
Managing Director
DIN: 02338864

Akanksha Rai
Company Secretary
PAN: BFZPR9132P
Place: Mumbai
Date : 27th May 2023

Karnavati Finance Limited			
CIN NO.L65910MH1984PLC034724			
Statement of Cash Flows			
For the Years Ending 31st March 2022 and 31st March 2023			
			(Rupees in Lakhs)
PARTICULAR		31st March 2023	31st March 2022
A. Cash Flow from Operating Activities			
Net Profit Before Taxation		74.76	40.51
Adjustment For :			
Audit Fees			1.35
Depreciation		0.66	0.77
Reversal of NPA Provision		-	-
Written Off		-	(7.53)
NPA Provision		34.61	138.45
General Provision on Standard Assets		1.71	0.19
Finance Cost		33.33	2.86
Operating Profit before change in Working Capital		145.07	176.60
Movement in Working Capital			
Decrease/- Increase in Loan Advance		(1,151.38)	313.85
Decrease/- Increase in Inventory		(0.14)	(0.06)
Decrease/- Increase in Trade Receivable		1.62	(0.51)
Decrease/- Increase in Other Current Assets		(0.55)	(6.97)
-Decrease/Increase in Current Laibilities		66.44	(57.41)
-Decrease/Increase in Other Current Laibilities		4.69	(0.54)
Movement in Working Capital		(1,079.33)	248.36
Net Cash Generation From Operation		(934.26)	424.97
Direct Tax Paid		(10.21)	
Net Cash From Operating Activities		(944.47)	424.97
Cash Flow From Investing Activities			
-Purchase/Sale of Fixed Assets		-	0.20
Net Cash Flow from Investing Activities		-	0.20
Cash Flow from Financial Activities			
-Decrease/Increase in Long Term Borrowings		1,136.23	(422.57)
Decrease/- Increase in Long Term Advances			
Finance Cost		(33.33)	(2.86)
Issue of Share Capital			
Net Cash From Financial Activities		1,102.90	(425.43)
Net Increase/Decrease in Cash & Cash Equivalent		158.43	(0.27)
Cash at the Beginning of Year		10.39	10.66
		168.82	10.39
Cash at the End of Year		168.82	10.39
		(0.00)	(0.00)

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

For D G M S & Co. Chartered Accountants	For and on behalf of the Board of Directors of Karnavati Finance Limited	
Hiren J. Maru Partner M. No. 115279 FRN: 0112187W Place: Mumbai Date : 27th May 2023 UDIN: 23115279BGTWIG7206	Raman P Morzaria Whole Time Director DIN: 00203310	Jay R Morzaria Managing Director DIN: 02338864
	Kush R Morzaria Chief Financial Officer PAN: BAJPM1377E	Akanksha Rai Company Secretary PAN: BFZPR9132P
	Place: Mumbai Date : 27th May 2023	Place: Mumbai Date : 27th May 2023

Karnavati Finance Limited						
CIN NO.L65910MH1984PLC034724						
STATEMENT OF CHANGES IN EQUITY AS ON 31st March,2023						
Equity Share Capital						
(Rupees in Lakhs)						
Particulars	Number of Shares		Amount			
Equity Shares of Rs. 10/- each issued, subscribed and fully paid up						
As at March 31,2021		1,00,50,000				1,005
Issue of shares during the year		-				-
As at March 31,2022		1,00,50,000				1,005
Issue of shares during the year		-				-
Equity Shares have been subdivided to face Value of Re. 1 from Face Value of Rs. 10 on 24th February 2023						
Equity Shares of Re. 1 each issued subscribed and fully paid up						
As at March 31,2023		10,05,00,000				1,005
Other Equity						
(Rupees in Lakhs)						
Particulars	Reserves and Surplus				Other Comprehensive Income	Total Other Equity
	Securities premium	Retained Earnings	General Reserve	Reserve fund as per RBI Act		
Balance as at 1 April 2019	101.40	90.55	0.15	50.97		243.06
Changes in accounting policy/ prior period errors						-
Restated Balance at the beginning of the reporting period						-
Profit after tax		10.75				10.75
Other Comprehensive Income (Net of tax)						-
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act,1934		(2.15)		2.15		-
Any other changes (to be specified)						-
Balance as at 31st March 2020	101.40	99.15	0.15	53.12	-	253.81
Changes in accounting policy/ prior period errors						-
Restated Balance at the beginning of the reporting period						-
Profit after tax		12.35				12.35
Other Comprehensive Income (Net of tax)						-
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act,1934		(2.47)		2.47		-
Any other changes (to be specified)						-
Balance as at 31st March 2021	101.40	109.02	0.15	55.59	-	266.16
Changes in accounting policy/ prior period errors						-
Restated Balance at the beginning of the reporting period						-
Profit after tax		30.31				30.31
Other Comprehensive Income (Net of tax)						-
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act,1934		-		-		-
Any other changes (to be specified)						-
Balance as at 31st March 2022	101.40	139.34	0.15	55.59	-	296.47
Changes in accounting policy/ prior period errors						-
Restated Balance at the beginning of the reporting period						-
Profit after tax		-				-
Other Comprehensive Income (Net of tax)						-
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act,1934		-		-		-
Any other changes (to be specified)						-
Balance as at 31st March 2023	101.40	139.34	0.15	55.59	-	296.47
For D G M S & Co.		For and on behalf of the Board of Directors of Karnavati Finance Limited				
Chartered Accountants						
Hiren J. Maru		Raman P Morzaria		Jay R Morzaria		
Partner		Whole Time Director		Managing Director		
M. No. 115279		DIN: 00203310		DIN: 02338864		
FRN: 0112187W						
Place: Mumbai						
Date : 27th May 2023						
UDIN: 23115279BGTWIG7206						
		Kush R Morzaria		Akanksha Rai		
		Chief Financial Officer		Company Secretary		
		PAN: BAJPM1377E		PAN: BFZPR9132P		
		Place: Mumbai		Place: Mumbai		
		Date : 27th May 2023		Date : 27th May 2023		

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 its registered office at Vraj Group, 2nd Floor, Simran Centre, Mogra Village 30H Parsi Panchayat Road, Andheri (East) Mumbai-400053, Maharashtra and Its Administrative & Corporate Office at "Vraj" 5th Floor, Near Teen Batti, Limda Lane, Jamnagar – 361001

The Company is Non - deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 24th February 1998, with Registration No. A-13.00064. RBI, vide the circular – 'Harmonization of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonization of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC – Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC – Investment and Credit Company (NBFC-ICC).

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 Rs. 2.98 Lakhs. No Interest has been paid 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 Indian Accounting Standards (IND - AS) as per Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Non Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2021, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2023 are prepared in accordance with IND - AS.

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.

2.1

a. IND AS - 1 Presentation of Financial Statement : -

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based.

b. IND AS - 10 Events After the Reporting Period: -

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

c. IND AS - 8 Accounting Policies, Changes in Accounting Estimates & Errors: -

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

d. IND AS - 115 Revenue from contract with customer :-

Interest income

The Company recognizes interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortized cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

The Company recognizes interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. The Company recognizes interest income on the amortized cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/nonpayment of contractual cash flows is recognized on realization.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognized at the contractual rate of interest.

Other revenue from operations

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

Taxes

Incomes are recognized net of the Goods and Services Tax/Service Tax, wherever applicable.

Expenditures

Finance costs

Borrowing costs on financial liabilities are recognized using the EIR

Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognized in the Statement of Profit and Loss on an accrual basis.

Taxes

Expenses are recognized net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

e. IND AS - 109 Financial Instruments :-

A) Financial Assets

I. Initial recognition and measurement

All financial assets are recognized initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

II. Subsequent Measurement

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

a) Financial Assets measured at amortized cost

A financial asset is measured at Amortized Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets measured at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

B) Financial liabilities**a. Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

b. Subsequent Measurement

Financial Liabilities are subsequently carried at amortized cost using the effective interest method.

C) Derecognition of Financial assets and Financial liabilities**a) Financial Assets**

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

D) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously in all the following circumstances:

- a) The Normal Course of business
- b) The Event of Default
- c) The Event of insolvency or bankruptcy of the company and/or its counterparties

E) Impairment of Financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' model (ECL), for evaluating impairment of financial assets other than those measured at Fair value through profit and loss.

1) Overview of the Expected Credit Loss (ECL)

Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12 month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses

Based on the above process, the company categorizes its loans into three stages as described below:

For Non – Impaired financial assets

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12- Month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The company recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL Provision.

For impaired financial assets:

Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flow of a loan or a portfolio of loans. The company recognizes lifetime ECL for impaired financial assets.

2) Estimation of Expected Credit Loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) – The Probability of default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/default rates as stated by external reporting agencies is considered.

Exposure at Default (EAD) – The Exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) – The Loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

f. IND AS - 16 Property, Plant and Equipment :-

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant and equipment

- a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.

- b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
 - c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.
 - d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
 - e) Assets having unit value up to Rs. 5,000 is depreciated fully in the financial year of purchase of asset.
 - f) An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognized.
 - g) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- g. IND AS 21 – The effects of changes in foreign exchange rates :-**

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

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.

h. IND AS – 24 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.

i. IND AS – 33 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.

j. IND AS - 12 Income Taxes :-

Current Tax:-

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxes:-

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be

utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. IND AS – 37 Provisions Contingent liabilities and contingent assets :-

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l. IND AS – 108 Operating Segments

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Further other business segments do not exceed the quantitative thresholds as defined by the Ind AS 108 on "Operating Segment". Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

m. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

n. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions

are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

i) Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Effective Interest Rate (EIR) Method

The Company's EIR methodology, recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

iii) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

iv) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

v) Fair Value Measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**For D G M S & Co.
Chartered Accountants**

**For and on behalf of the Board of Directors of
Karnavati Finance Limited**

Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
Place: Mumbai
Date : 27th May 2023
UDIN: 23115279BGTWIG7206

Raman P Morzaria
Whole time Director
DIN 00203310

Jay R Morzaria
Managing Director
DIN 02338864

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E

Place: Mumbai
Date : 27th May 2023

Akanksha Rai
Company Secretary
PAN: BFZPR9132P

Place: Mumbai
Date : 27th May 2023

Karnavati Finance Limited		
CIN NO.L65910MH1984PLC034724		
Notes forming part of financial statements for the period ended 31 March 2023		
NOTE No. 3 : CASH & CASH EQUIVALENTS		
(Rupees in Lakhs)		
3 CASH & CASH EQUIVALENTS	AS AT 31 March 2023	AS AT 31 March 2022
Cash In Hand	0.09	8.38
Balances with Banks (of the nature of cash and cash equivalents)	168.73	2.01
Fixed Deposits with Banks (Maturity of Less than 3 Months)		
TOTAL	168.82	10.39
NOTE No. 4 : BANK BALANCE OTHER THAN CASH & CASH EQUIVALENTS		
(Rupees in Lakhs)		
4 BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS	AS AT 31 March 2023	AS AT 31 March 2022
Embarked Balances with Banks		
Balances with Bank to the extent held as margin money or security against the borrowings, gurantees or any other commitments		
Repatriation restrictions, if any		
TOTAL	-	-
NOTE No. 5 : RECEIVABLES		
(Rupees in Lakhs)		
5 RECEIVABLES	AS AT 31 March 2023	AS AT 31 March 2022
(A) Trade Recievables		
Considered Good - Unsecured	-	1.62
Trade Receivable which have significant increase in credit risk		
Trade Receivable - credit impaired		
Others		
TOTAL	-	1.62
NOTE No. 5.1 :Classification of Trade Receivables		
(Rupees in Lakhs)		
5 Classification of Trade Receivables	AS AT 31 March 2023	AS AT 31 March 2022
(A) Ageing of Trade Recievables		
Less than 6 months	-	1.62
6 Months -1 Year		
1 yr - 2 Years		
2 yrs - 3 Years		
More than 3 Years		
(B) Considered Good - Secured		
Undisputed Trade Receivables - considered good	-	1.62
Disputed Trade Receivables - considered good		
(C) Trade Receivable which have significant increase in credit risk		
Undisputed Trade Receivables - which have significant significant increase in credit risk	-	-
Disputed Trade Receivables - which have significant significant increase in credit risk	-	-
(D) Trade Receivable - credit impaired		
Undisputed Trade Receivable - credit impaired	-	-
Disputed Trade Receivable - credit impaired	-	-

NOTE No. 6 : Loans				
6 Loans (Rupees in Lakhs)				
As On 31st March 2023				
	Valued at Fair Value through		Value At Amortised Cost	Total
	Other Comprehensive Income	Profit and Loss account		
A) Secured Loan				
i) Mortgage Loan	-	-	195.21	195.21
ii) Business Loan	-	-	-	-
iii) Personal Loan	-	-	-	-
iv) Education Loan	-	-	-	-
Total (A) - Gross	-	-	195.21	195.21
Less :- Impairment Loss Allowance	-	-	-	-
Total (A) - Net	-	-	195.21	195.21
B) Unsecured Loan				
i) Mortgage Loan	-	-	-	-
ii) Business Loan	-	-	951.47	951.47
iii) Personal Loan	-	-	1,970.77	1,970.77
iv) Education Loan	-	-	0.12	0.12
Total (B) - Gross	-	-	2,922.37	2,922.37
Less :- Impairment Loss Allowance	-	-	(582.80)	(582.80)
Total (B) - Net	-	-	2,339.57	2,339.57
TOTAL (A) + (B)	-	-	2,534.78	2,534.78
6 Loans (Rupees in Lakhs)				
As On 31st March 2022				
	Valued at Fair Value through		Value At Amortised Cost	Total
	Other Comprehensive Income	Profit and Loss account		
A) Secured Loan				
i) Mortgage Loan	-	-	130.37	130.37
ii) Business Loan	-	-	-	-
iii) Personal Loan	-	-	-	-
iv) Education Loan	-	-	-	-
Total (A) - Gross	-	-	130.37	130.37
Less :- Impairment Loss Allowance	-	-	-	-
Total (A) - Net	-	-	130.37	130.37
B) Unsecured Loan				
i) Mortgage Loan	-	-	-	-
ii) Business Loan	-	-	500.06	500.06
iii) Personal Loan	-	-	1,332.68	1,332.68
iv) Education Loan	-	-	0.62	0.62
Total (B) - Gross	-	-	1,833.36	1,833.36
Less :- Impairment Loss Allowance	-	-	(546.16)	(546.16)
Total (B) - Net	-	-	1,287.19	1,287.19
TOTAL (A) + (B)	-	-	1,417.56	1,417.56
NOTE No. 7 : Other Financial Assets				
7 Other Financial Assets (Rupees in Lakhs)				
			As On 31st March 2023	As On 31st March 2022
Security Deposits			5.00	5.00
Advances Given				
Provision for Interest				-
<u>Other Financial Assets</u>				
Income Tax Refundable			1.41	1.41
Advance Tax				
TDS Credit			6.45	5.45
GST			-	0.45
TOTAL			12.86	12.31
NOTE No. 8 : INVENTORIES				
8 INVENTORIES (Rupees in Lakhs)				
			As On 31st March 2023	As On 31st March 2022
Foreign Currency Stock			1.85	1.71
TOTAL			1.85	1.71

Karnavati Finance Limited												
CIN NO.L65910MH1984PLC034724												
Notes forming part of financial statements for the period ended 31 March 2023												
NOTE No. 9 : FIXED ASSETS												
(RUPEES)												
Sr. No.	DESCRIPTION	Rate	GROSS BLOCK			DEPRECIATION				NET BLOCK		
			AS ON 04-01-2022	ADDITIONS DURING THE PERIOD	DEDUCTION DURING THE PERIOD	AS ON 31-03-2023	AS ON 01-04-2022	DEPRECIATION FOR THE PERIOD	ON DELETIONS PERIOD	UPTO 31-03-2023	AS ON 31-03-2023	AS ON 31-03-2022
TANGIBLE ASSETS :												
OWN ASSETS:												
1	Furniture & Fixtures											
	Furniture		10.75			10.75	9.43	0.64	-	10.07	0.69	1.33
			-				-			-		
2	Motor Vehicles											
3	Computer											
	Computer & Printers		0.92			0.92	0.88	0.02	-	0.89	0.03	0.05
			-				-			-		
4	Other Assets		0.79	-		0.79	0.60	0.00		0.61	0.19	0.19
							-			-		
							-			-		
	SUB-TOTAL RUPEES		12.47	-	-	12.47	10.91	0.66	-	11.57	0.90	1.57
LEASE ASSETS :												
			-	-	-	-	-	-	-	-	-	-
	TOTAL - A		12.47	-	-	12.47	10.91	0.66	-	11.57	0.90	1.57
INTENGIBLE ASSETS :												
			-	-	-	-	-	-	-	-	-	-
	TOTAL - B		-	-	-	-	-	-	-	-	-	-
	TOTAL A + B		12.47	-	-	12.47	10.91	0.66	-	11.57	0.90	1.57
PREVIOUS YEAR												
CAPITAL WORK IN PROGRESS												
INTENGIBLE ASSETS UNDER DEVELOPMENT												
	PREVIOUS YEAR		20.66	-	8.19	12.47	18.13	0.77	7.99	10.91	1.57	
CAPITAL WORK IN PROGRESS												
INTENGIBLE ASSETS UNDER DEVELOPMENT												

Karnavati Finance Limited CIN NO.L65910MH1984PLC034724 Notes forming part of financial statements for the period ended 31 March 2023			
NOTE No. 10 : TRADE PAYABLES			
(Rupees in Lakhs)			
10	TRADE PAYABLES	As at 31 March 2023	As at 31 March 2022
	Total outstanding dues of micro enterprises and small enterprises		
	Total outstanding dues of creditors other than micro enterprises and small enterprises	74.72	8.28
	TOTAL	74.72	8.28
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 Rs.82,016.52/-. 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			
10	Trade Payables ageing schedule		(Rupees in Lakhs)
	Particular	Ageing as on 31st March 2023	Ageing as on 31st March 2022
(i)	MSME	-	-
(ii)	Others	74.72	8.28
	Less than 1 Year	73.39	6.72
	1 year - 2 year	0.27	0.59
	2 year - 3 year	1.06	0.98
	More than 3 years	-	-
(iii)	Disputed Dues - MSME	-	-
(iv)	Disputed Dues - Other	-	-

NOTE No. 11 : BORROWINGS (OTHER THAN DEBT SECURITIES)					
11	BORROWINGS (OTHER THAN DEBT SECURITIES)	As at 31 March 2023			(Rupees in Lakhs)
		Valued at Fair Value through		At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
	(A) Term loans				
	(i) From Banks				-
	(ii) From Others				-
	(B) Deffered Payment Liabilities				-
	(C) Loans from Related parties				-
	(D) Laon Repayable on Demand				-
	(i) From Banks			8.45	8.45
	(ii) From related Parties			6.13	6.13
	(iii) From Others				-
	(E) Other Loans				
	(i) Inter Corporate Loan under Pass through Arrangement			1,258.03	1,258.03
	Total Borrowings	-	-	1,272.60	1,272.60
	Borrowings in India			1,272.60	1,272.60
	Borrowings Outside India				-
	Total Borrowings	-	-	1,272.60	1,272.60
	Unsecured Borrowings			1,264.16	1,264.16
	Secured Borrowings			8.45	8.45
	Total Borrowings	-	-	1,272.60	1,272.60
	TOTAL	-	-	1,272.60	1,272.60
11	BORROWINGS (OTHER THAN DEBT SECURITIES)	Ageing as on 31st March 2022			(Rupees in Lakhs)
		Valued at Fair Value through		At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
	(A) Term loans				
	(i) From Banks				-
	(ii) From Others				-
	(B) Deffered Payment Liabilities				-
	(C) Loans from Related parties				-
	(D) Laon Repayable on Demand				-
	(i) From Banks			43.78	43.78
	(ii) From related Parties			7.56	7.56
	(iii) From Others				-
	(E) Other Loans				
	(i) Inter Corporate Loan under Pass through Arrangement			69.83	69.83
	Total Borrowings	-	-	121.17	121.17
	Borrowings in India			121.17	121.17
	Borrowings Outside India				-
	Total Borrowings	-	-	121.17	121.17
	Unsecured Borrowings			77.39	77.39
	Secured Borrowings			43.78	43.78
	Total Borrowings	-	-	121.17	121.17
	TOTAL	-	-	121.17	121.17

NOTE No. 12 : OTHER FINANCIAL LIABILITIES			
			(Rupees in Lakhs)
12 OTHER FINANCIAL LIABILITIES			
		Ageing as on 31st March 2023	Ageing as on 31st March 2022
Interest Accrued			
Unpaid Dividends			
Unpaid Matured Deposits and interest accrued thereon			
Others			
TOTAL			-
NOTE No. 13 : PROVISIONS			
			(Rupees in Lakhs)
13 PROVISIONS			
		Ageing as on 31st March 2023	Ageing as on 31st March 2022
Provision for Income Tax		18.67	10.21
General Provision on Standard Asset		4.51	2.81
Provision for Audit Fees		1.80	1.35
TOTAL		24.98	14.37
NOTE No. 14 : OTHER NON FINANCIAL LIABILITIES			
			(Rupees in Lakhs)
14 OTHER NON FINANCIAL LIABILITIES			
		Ageing as on 31st March 2023	Ageing as on 31st March 2022
Statutory Dues			
Revenue Recieved in advance			
Other Payables			
TDS payable		5.49	0.88
GST Payable		0.08	-
TOTAL		5.57	0.88

NOTE No. 15 : SHARE CAPITAL							(Rupees in Lakhs)
15 SHARE CAPITAL							
			AS AT 31 March 2023	AS AT 31 March 2022			
AUTHORISED SHARE CAPITAL							
1,05,00,000 Equity Shares of Rs. 10/- Each							
10,05,00,000 Equity Shares of Rs. 1/- Each (Changed in current year)							
			1,005	1,005			
Issued, Subscribed & Paidup							
Equity Shares of Rs. 10/- Each							
Fully paid up							
			1,005	1,005			
15.1 The reconciliation of Numbers of Shares outstanding is set out below:							
Particulars		AS AT 31 March 2023			AS AT 31 March 2022		
		Number of Shares			Number of Shares		
Equity Shares at the beginning of the year		1,00,50,000			1,00,50,000		
Add: Shares split during the year from Rs.10 to Rs. 1 per share		9,49,50,000					
Equity Shares at the end of the year		10,50,00,000			1,00,50,000		
15.2 Terms/Rights attached to Equity Shares							
The Company has only one class of equity shares having a value of Rs 1/ 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							
During the year the company has split his face value of shares from Rs. 10 to Rs. 1 per share value as on 24th February 2023.							
15.3 Details of Shareholders holding more than 5% shares in company							
(Rupees in Lakhs)							
Particulars		No. of Shares	% of Total Holding	% of Change during the Year	No. of Shares	% of Total Holding	
Raman Pragjibhai Morzaria		29388810	29.24%	-	2938881	29.24%	
Kush R Morzaria		14788500	14.71%	-	1478850	14.71%	
Jay Ramanbhai Morzara		11573500	11.52%	-	1157350	11.52%	
Beeline Merchant Banking Private Limited		6762780	6.73%	0.18%	658001	6.55%	
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. 16 : RESERVES & SURPLUS							
(Rupees in Lakhs)							
16 RESERVES & SURPLUS							
			AS AT 31 March 2023	AS AT 31 March 2022			
Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934							
Securities Premium Reserve							
As per Last Balance Sheet							
Add: On Issue of Shares							
Less: On Issue of Bonus Shares							
Balance as per Last Financial Statement			61.65	55.59			
Add: Set aside during the Year			11.22	6.06			
			72.87	61.65			
General Reserve			0.15	0.15			
Profit & Loss Account							
As per Last Balance Sheet							
Add: Profit for the year							
			133.27	109.02			
			56.11	30.31			
			189.38	139.34			
Less: Appropriations							
Transferred to Statutory Reserve Fund							
			(11.22)	(6.06)			
Provision for Reduction in Value of Investments							
Proposed Dividend							
Tax on Dividend							
			178.16	133.27			
Securities Premium on Equity Shares							
			101.40	101.40			
Total			352.58	296.47			

					(Rupees in Lakhs)	
17 Interest Income		As AT 31 March 2023				
Particulars	On Financial Assets measured through					Total
	Fair value through Other Comprehensive Income	Fair value through Profit and Loss account	At Amortised Cost			
Interest on Loan			277.50			277.50
Interest on Income from Investment						-
Interest on Deposits with Bank						-
Other Interest Income			-			-
Interest on Income Tax Refund						-
TOTAL			277.50			277.50

					(Rupees in Lakhs)	
17 Interest Income		As AT 31 March 2022				
Particulars	On Financial Assets measured through					Total
	Fair value through Other Comprehensive Income	Fair value through Profit and Loss account	At Amortised Cost			
Interest on Loan			173.07			173.07
Interest on Income from Investment						-
Interest on Deposits with Bank						-
Other Interest Income			46.46			46.46
Interest on Income Tax Refund						-
TOTAL			219.53			219.53

17A Fees & Commission Income					(Rupees in Lakhs)	
		As AT 31 March 2023		As AT 31 March 2022		
Infrastructure Fees		7.00		12.00		
LOAN PROCESSING FEES - ONE ARC				0.25		
Document Processing Charges - ECO FIN		0.13		3.48		
Infrastructure Fees - One Arc Labs Private Limited				4.70		
TOTAL		7.13		20.43		

NOTE No. 18 : FINANCE COST

18 FINANCE COST					(Rupees in Lakhs)	
		As AT 31 March 2023		As AT 31 March 2022		
		on Financial Liabilities measured at fair value through Profit and loss	on Financial Liabilities measured at fair value through Other comprehensive Income	on Financial Liabilities measured at fair value through Profit and loss	on Financial Liabilities measured at fair value through Other comprehensive Income	
Interest on Deposits		-				
Interest on Borrowings	30.32					
Other Interest Expenses	-					
Bank Interest	3.00			2.86	-	
TOTAL	33.33			2.86	-	

NOTE No. 19 : COST OF PURCHASE

19 COST OF PURCHASE					(Rupees in Lakhs)	
		As AT 31 March 2023		As AT 31 March 2022		
USD Purchase						
LOCAL					-	
TOTAL					-	

NOTE No. 20 : CHANGES IN INVENTORIES OF FOREIGN CURRENCY

20					(Rupees in Lakhs)	
		As AT 31 March 2023		As AT 31 March 2022		
Inventories (At Close)		1.85		1.71		
Closing Stock of Foreign Currency			1.85		1.71	
Inventories (At Commencement)		1.71		1.65		
Opening Stock of Foreign Currency			1.71		1.65	
TOTAL			(0.14)		(0.06)	

NOTE No. 21 : EMPLOYEES BENEFIT EXPENSES				
21 EMPLOYEES BENEFIT EXPENSES				
	As AT 31 March 2023		As AT 31 March 2022	
Salaries & Bonus	45.84		16.99	
Director's Remuneration	21.00		21.00	
Staff Welfare Expenses	1.26		0.82	
		68.10		38.82
TOTAL	68.10	68.10	38.82	38.82
NOTE No. 22 : DEPRICIATION & AMORTIZATION EXPENSES				
22 DEPRICIATION & AMORTIZATION EXPENSES				
	As AT 31 March 2023		As AT 31 March 2022	
Depriciation	0.66		0.77	
Preliminary Expenses Written off				
		0.66		
TOTAL	0.66	0.66	0.77	0.77
NOTE No. 23 : OTHER EXPENSES				
23 OTHER EXPENSES				
	As AT 31 March 2023		As AT 31 March 2022	
Indirect Expenses				
Advertisement Expenses	0.85		0.72	
Annual Fees Expenses	5.45		4.47	
Audit Fees	3.01		2.28	
Bank Charges	0.70		0.14	
Brokerage Expenses	12.98		-	
BSE Non Compliance Penalty	0.10		-	
CGST Expense	2.22		0.11	
Computer Expenses	-		0.05	
Court Case Fees	-		-	
Customer Credit Report Exp	0.01		0.04	
Demat Account Charges	0.01		0.01	
Donation Expenses	-		0.11	
Electric Expenses	0.11		0.24	
E Voting Expenses	0.57		0.21	
Equity Share Sub-Division Expense	3.68		-	
Flat Brokerage Expense	1.69		-	
House Keeping Expenses	-		-	
IGST Expenses	(0.22)		0.00	
Interest on GST	-		-	
Interest on T D S	0.03		0.06	
Interest Expenses	0.02		0.42	
Internet Expenses	0.07		0.08	
Kasar	(0.01)		0.03	
Legal Fees	0.89		0.57	
Marketing Expenses	18.00		-	
Mumbai Flat Rent	6.75		-	
Misc Expenses	-		0.13	
News Paper Expenses	0.02		0.02	
NPA Expenses	34.61		-	
Impairment Loss	-		138.45	
Office Expenses	0.18		1.62	
Office Rent	6.00		6.00	
Late fees on TDS	-		-	
Loss on Sale of Car	-		0.00	
Postage & Courier Expenses	-		0.01	
Printing & Stationery Expenses	0.13		0.30	
Professional Fees	3.60		1.50	
Professional tax for Employee	-		-	
Referral fees-One Arc	-		0.61	
Repair and Maintainance	-		-	
Report Expenses	-		-	
ROC Fees	0.23		0.04	
Rounding Off	-		0.00	
SGST Expenses	2.04		0.09	
Share Hypothication Charges	-		-	
Software Renewal Fees	0.14		-	
Statutory Expenses	-		-	
Tea & Coldrinks Expenses	-		0.02	
Telephone Expenses	-		-	
Travelling Expenses	0.51		0.92	
Vehicle Expenses	3.63		4.60	
Website Domain Expenses	-		0.22	
Website Design Expense	-		0.37	
Write Off	-		0.17	
		107.99		164.61
TOTAL	107.99	107.99	164.61	164.61

24. Earnings Per Share:-

Particulars	Period Ended on 31 st March 2023 (Rs. In Lakhs)	Period Ended on 31 st March 2022 (Rs in Lakhs.)
Profit / (Loss) after tax attributable to Equity Shareholders (A)	56.11	30.31
Weighted Number of Equity Share outstanding During the year (B) (In Nos.)	1,00,50,000	1,00,50,000
Basic Earnings Per Share for each Share of Rs.10/- (A) / (B)	0.56	0.30

25. Auditors remuneration for the year is as follows:-

Statutory Audit Fees: Rs. 1.75 Lakhs (previous year Rs. 1.50 Laksh)

Tax Audit Fees: Rs. 0.45 Laksh (previous year Rs. 0.40 laksh)

26. Related Party Disclosure :-

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

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 Bilimoria	Non-Executive(Independent) Director
Mrs. Vinita Parekh	Non-Executive (Independent) Director (Resigned w.e.f 06 th March 2023)
Mr. Vineshkumar Makadia	Non-Executive (Non-Independent) Director
Ms. Akanksha Rai	Company Secretary (KMP)

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 Morzaria	Vraj Karan 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
		Vrajlegacy Infratech Private Limited	Director & Shareholder

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
		Vraj Karan Real Estate Developers Private Limited	Director
		Vraj Prime Developers Private Limited	Director
		Roots and Stalks Digital Private Limited	Director (Promoter) (Resigned w.e.f 10 th May 2023)
		BRIA Industries Private Limited	Director
		Vraj kamman Developers LLP	Designated Partner
		Vraj BVG Infrasheltors LLP	Designated Partner
3	Mr. Kush Raman Morzaria	Midas Impex Private Limited	Director
		Vraj BVG Infrasheltors LLP	Designated Partner
		Vrajlegacy Infratech Private Limited	Director
		BRIA Industries Private Limited	Director

		Vraj Karan Real Estate Developers Private Limited	Director
4.	Mr. Parth Chandresh Maniar	NIL	NIL
5.	Mrs. Birmda Minoobhai Bilimoria	NIL	NIL
6.	Mr. Vineshkumar Popatlal Makadia	Vraj Devcon Private Limited	Director
		Tristar Landmark Private Limited	Director
7.	Mrs. Vinita Ajaybhai Parekh (Resigned w.e.f 06 th March 2023)	NIL	NIL
6.	Ms. Akanksha Rai	NIL	NIL

Transactions with Related parties:

Sr. No.	Name of the person	Nature of Transaction	Amount (Rs. In Lakhs)
1	Mr. Raman Morzaria	Remuneration	9.00
2	Mr. Raman Morzaria	Rent	6.00
3	Mr. Raman Morzaria	Interest on Loan	0.14
4	Mr. Kush Morzaria	Salary	3.00
5	Mr. Jay Morzaria	Remuneration	12.00
6	Ms. Akanksha Rai	Salary	1.80

Loan Details from related parties**(Rupees in Lakhs)**

Name of person	Balance as on 01-04-2022	Addition during the year	Repayment during the year	Balance as on 31-03-2023
Raman Morzaria	0.00	30.75	24.62	6.13
Jay Morzaria	7.56	6.60	14.16	0.00

27. 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.

28. 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.

29. Risk Management

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company's operations. The Company's principal financial assets include loans, investments, cash and cash equivalents and other receivables that are derived directly from its operations. As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of directors constituted in accordance with the Reserve Bank of India regulations has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets at least twice in a year to review the Risk Management practices. Risk Management department periodically places its report to the committee for review. The committee's suggestions for improving the Risk Management Practices are implemented by the Risk Management department.

Risk Management department shall be responsible for the following:

- a) Identifying the various risks associated with the activities of the Company and assessing their impact on the business.
- b) Measuring the risks and suggesting measures to effectively mitigate the risks. However, the primary responsibility for managing the various risks on a day to day basis will be with the heads of the respective business units of the company.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

Impairment Assessment

The Company is mainly engaged in the business of providing Personal loans, Business Loan, Term Loan & Loan against property. The tenure of the loans generally is for 12 to 60 months.

The Company also provides unsecured personal loans to salaried individuals and unsecured loans to traders and self-employed. The tenure of the loans ranges from 12 months to 60 months.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit.

Loss (ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2, as appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD. PD is calculated using Incremental 91 DPD approach considering fresh slippage using historical information.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	Loan Days past Due (DPD)	Stages
High Grade	Not Yet Due	Stage 1
Standard Grade	1 - 30 DPD	Stage 1
Sub - Standard Grade	31 - 60 DPD	Stage 2
Past due but not impaired	61 - 90 DPD	Stage 2
Individually Impaired	91 DPD or Mores	Stage 3

30. Notes forming part of accounts in relation to MSME

Based on information available with the company, on the status of the suppliers being Micro or small enterprises, on which the auditors have relied, the disclosure requirements with regard to the payments made/due to Micro and small Enterprises are given below :

Sr. No.	Particulars	Year Ended 31-03-2023		Year Ended 31-03-2022	
		Principal	Interest	Principal	Interest
I	Amount due as at the date of Balance sheet	2.98	Nil	Nil	Nil
II	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
III	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
IV	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

31. The SARS-Cov-2 virus is responsible for Covid-19 that spreads in a world including our country. It contributes to a significant deadline and volatility in global and Indian Financial Markets and having a significant decrease in the economic activities in international markets including in our country.

On March 11, 2020 the Covid-19 outbreaks declared as a global pandemic by World Health Organization (WHO). On March 24, 2020, the Government of India has announced a strict 21 days lockdown which kept getting on extended across the country with gradual and modest relaxations.

There was no disbursement done during the period however the collection being banking based continued. Further as per RBI moratorium period the board of directors of the company has decided to provided certain relaxations to its customers, as, Majority of customers are regular paying their dues so In this pandemic situation rather than giving new loan to unknown customers of company and to minimize risk, we can increase the timeline of loan to the customers whoever demand after considering other situation/s in case to case basis.

The Company has, based on current available information estimated and applied management overlays based on the policy approved by the Board of Directors for the purpose of determination of the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts up to the date of approval of these financial results. Accordingly, the provision for expected credit loss on financial assets as at 31st March 2023 aggregates Rs. 34.61 lakh (as at 31st March 2022, Rs. 138.45 lakh).

32. Details of Benami Property Held

There are no proceedings have been initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and the Rules made thereunder

33. Security of current assets against borrowings

The company has not borrowings 'during any point of time of the year' from banks or financial institutions on the basis of security of current assets

34. Willful Defaulter

The company is not declared as willful defaulter (at any time during the financial year or after the end of reporting period but before the date when financial statements are approved or in an earlier period and the default has continued for the whole or part of the current year) by any bank or financial institution or other lender.

35. Relationship with struck off companies

The company do not have any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

36. Registration of charges or satisfaction with Registrar of companies

The company do not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

37. Ratios

FY 2022-23

(Rupees in Lakhs)

Ratio	Formula	Variables		Result
1. Debtors Turnover	To/Drs	284.63	-	-
2. Inventory Turnover	To/Inv	284.63	1.85	153.59
3. Interest Coverage Ratio	EBIT / Interest Exp	108.09	33.33	3.24
4. Current Ratio	Current Assets / Current Liabilities	181.68	74.72	2.94
5. Debt Equity Ratio	Debt / Equity	1,272.60	1,357.58	0.09
6. Net Profit Margin(%)	Net Profit/Turnover	56.11	284.63	12.63
7. Return on Net worth		56.11	1,357.58	2.33

FY 2021-22

(Rupees in Lakhs)

Ratio	Formula	Variables		Result
1. Debtors Turnover	To/Drs	239.96	1.62	148.56
2. Inventory Turnover	To/Inv	239.96	1.71	140.14
3. Interest Coverage Ratio	EBIT / Interest Exp	43.37	2.86	15.15
4. Current Ratio	Current Assets / Current Liabilities	24.31	8.28	2.94
5. Debt Equity Ratio	Debt / Equity	121.17	1,301.47	0.09
6. Net Profit Margin(%)		30.31	239.96	12.63

7. Return on Net worth		30.31	1,301.47	2.33
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**For D G M S & Co.
Chartered Accountants**

**For and on behalf of the Board of Directors of
Karnavati Finance Limited**

Hiren J. Maru
Partner
M. No. 115279
FRN: 0112187W
Place: Mumbai
Date : 27th May 2023
UDIN: 23115279BGTWIG7206

Raman P Morzaria
Whole time Director
DIN 00203310

Jay R Morzaria
Managing Director
DIN 02338864

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E

Place: Mumbai
Date : 27th May 2023

Akanksha Rai
Company Secretary
PAN: BFZPR9132P

Place: Mumbai
Date : 27th May 2023