

NOTICE OF ANNUAL GENERAL MEETING

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

Ordinary Businesses:-

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

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

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

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

Special Businesses:-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Approval and Ratification of Material Related Party Transactions.

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

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

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

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

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

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

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

Registered Office

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

By order of the Board
For, Karnavati Finance Limited

Place: Mumbai

Date: August 13, 2019

Notes:

1. The relative Explanatory Statements pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the businesses under Item No. 3 to 5 of the Notice, is annexed hereto. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standards-2 issued by ICSI for the Item Nos. 2 to 4 of the Notice are also annexed.

2. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company.**

A person can act as proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before Monday, September 23, 2019 at 10.00 A.M.). A proxy form for the AGM is enclosed. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable.

During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company, provided that not less than three days of notice in writing is given to the Company.

3. Members/Proxies should bring their Attendance slip duly signed and completed for attending the AGM. The signature of the attendance slip should match with the signature(s) registered with the Company. Members holding shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

4. Corporate members, intending to send their authorized representatives to attend the AGM, are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the AGM.

5. In case of joint holders attending the AGM together, only holder whose name appearing first will be entitled to vote.

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

7. The route map showing directions to reach the venue of the thirty fifth AGM is provided at the end of this Notice.

8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for

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

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

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

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

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

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

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

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

Annexure to Notice - Explanatory Statement

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

Item No. 3

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

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

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

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

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

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

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

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

General Information

Nature of Industry:

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

Date of Commercial Production: Not Applicable.

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

Financial performance based on given indicators:

(Amount in ₹)

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

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

Foreign Investment and collaborations, if any: Not Applicable.

Information about the Whole-Time Director:

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

Past Remuneration: ₹ 50,000 Per Month

Recognition of Award: None

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

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

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

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

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

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

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

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

Steps taken or proposed to be taken for improvement:

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

Expected increase in productivity and profits in measurable terms:

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

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

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

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

Item No. 4

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

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

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

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

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

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

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

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

Date of Commercial Production: Not Applicable.

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

Financial performance based on given indicators:

(Amount in ₹)

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

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

Foreign Investment and collaborations, if any: Not Applicable.

Information about the Whole-Time Director:

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

Past Remuneration: ₹ 50,000 Per Month

Recognition of Award: None

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

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

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

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

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

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

Other Information:

Reasons for loss or inadequate profit:

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

Steps taken or proposed to be taken for improvement:

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

Expected increase in productivity and profits in measurable terms:

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

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

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

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

Item No. 5

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

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

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

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

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

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

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

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

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

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

Registered Office

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

By order of the Board
For, Karnavati Finance Limited

Place: Jamnagar

Date: August 13, 2019

Jay Morzaria
Managing Director
DIN: 02338864

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

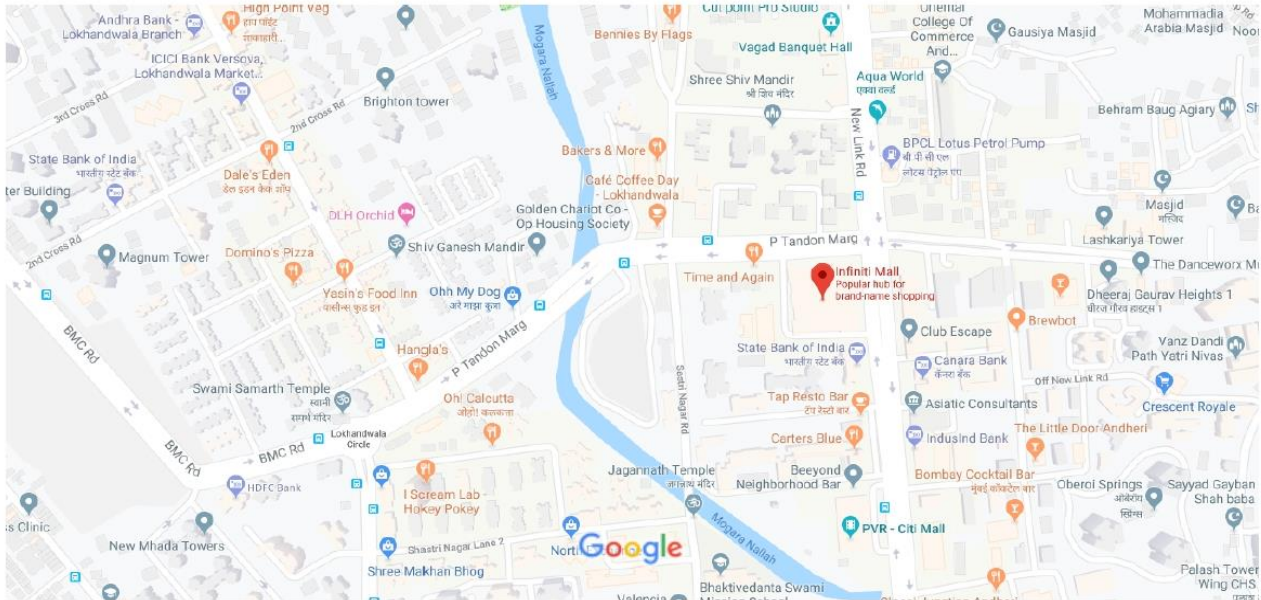
Name	Mr. Jay Morzaria	Mr. Raman Morzaria
Date of Birth	August 14, 1989	November 26, 1962
Qualification	B.Com and L.L.B	S.S.C.
Experience - Expertise in specific functional areas - Job profile and suitability	Mr. Jay Morzaria aged 30 years is core promoter of our company and has been appointed as a managing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

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

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

ROUTE MAP TO THE VENUE TO ANNUAL GENERAL MEETING

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



REQUEST LETTER FOR UPDATING RECORDS

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

Dear Sir/Madam,

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

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

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

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

Note:

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

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

Place:

Date:

 Signature of sole/ First Holder

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ATTENDANCE SLIP

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

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

Member's/Proxy's Name in Block Letters

Member's/Proxy's Signature

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

REMOTE ELECTRONIC VOTING PARTICULARS

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

REVEN	USER ID	PASSWORD
111535		

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

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

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PROXY FORM

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

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

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

- Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him
- Name: _____
Address: _____
E-mail Id: _____ Signature: _____ or failing him
- Name: _____
Address: _____
E-mail Id: _____ Signature: _____

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

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

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

Affix
Revenue
Stamp of
not less
than ₹ 1

Signature of shareholder Signature of Proxy holder(s)

Note:

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

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