



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: July 30, 2020

To,
BSE Limited
Phirore Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

Dear Sir/Madam,

Sub.: Disclosure of material impact of COVID-19 pandemic on the company under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Ref.: Karnavati Finance Limited (Scrip ID/Scrip Code: KARNAVATI/538928)

With respect to the subject cited above and pursuant to regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, we hereby disclosing the material impact of COVID-19 Pandemic on the operations and performance of the company.

Kindly take the same on your records and oblige us.

Thanking You.

For, Karnavati Finance Limited

Raman Morzaria
Whole-Time Director
DIN: 00203310



Encl.: As above

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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MATERIAL IMPACT OF COVID-19 PANDEMIC ON OPERATIONS AND PERFORMANCE OF THE COMPANY:

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 and regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform the stock exchange and our stakeholder's the impact of Covid -19 Pandemic on the business operations of the company.

1. Impact of Covid-19 pandemic on the business:

The SARS-Cov-2 virus is responsible for Covid-19 that spreads in a world including our country. It contributes to a significant decline 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 31 March 2020 aggregates Rs. 216.51 lakh (as at March 31 2019, Rs. 67.27 lakh).

During this challenging time, KFL focus is on supporting our customers, our employees and the local communities in which we operate along with safe guarding the interest of all the stake holders of the company.

2. Ability to maintain operations and Steps taken to ensure smooth functioning & restarting of operations:



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The operations of the Company were shut down as per the lockdown norms of Government of India as given on March 23, 2020. The administrative work of the company was continued through work from home facility to the best possible extent in order to comply with duly applicable legal framework.

Further, in compliance with the various directives of the Government of India, operations of the Company have been, resumed in the permitted manner. The company is complying with all the conditions imposed by the Government of India, State Government(s), Local authorities and undertaking the necessary measures for safeguarding health & safety of the employees of the company. The Company has taken various safety steps such as thermal screening of all employees and visitors, maintaining of social distancing at all work places, sanitizing the premises on regular basis and enforcing wearing of mask etc. In our efforts for the health and wellbeing of employees, steps have been taken to ensure efficient workplace; have moved meetings and trainings to virtual formats up to the extent possible.

3. Estimates of the future impact of Covid-19 on its operations:

The situation is still evolving and it is difficult to hazard a guess on how this pandemic will evolve.

On the basis of the current information available, we presume that there will be an impact on the normal business depending upon the geographies. However once the situation is under control we expect the normalcy to return over a period of time.

In consistent to its policy the Company will be focusing on extending credit where ever it is due, thereby creating a win-win situation for the company and the clients. Focus will also remain on efficient liability management in terms of long term cost effective borrowing, strengthening collections, and preserving capital adequacy.

In the ambit of the prevailing conditions, the impact of the COVID-19 pandemic is presently not completely ascertainable and the same will depend on how quickly, will the global economy recovers thereto.

The company will endeavor to focus on possibilities and magnify them to the fullest to enhance and preserve the stake holder's interest.

4. Details of impact of Covid-19 on the company:

Capital and financial resources - The Company has adequate, capital and financial resources to run its business operations.

Profitability- The Company have recognized provisions as on March 31, 2020 towards its assets including loans based on the information available at this point of time including economic forecasts and various other (parameters, in accordance with the Expected Credit Loss (ECL) method but it is difficult to foresee the final impact, so company keep on monitoring the overall situation and will recalibrate the model accordingly. The Company is taking various steps to control the operating cost.

Liquidity position - The current liquidity position of the Company is comfortable and believes that going forward also liquidity and internal accruals shall be sufficient to continue business



operations. Meanwhile, the company is also in discussions with various institutions for raising funds.

Assets - The economic disruption brought by the COVID-19 lockdown will have a severe impact on the incomes of borrowers for several months depending on the intensity and spread of the outbreak. The RBI has provided a 6-month moratorium to provide a temporary reprieve but the ability to return to steady state operations depends on how quick the industry scales up production. This results in an increase in the credit risk.

Internal Financial Reporting and Control - The Company has, in all material respects, an adequate internal financial controls system over financial reporting.

We may like to state that the foregoing expressions are initial assessment of the situation and the final impact of any activities can only be assessed once the normal economic activities commence and situation stabilizes.

5. Existing contracts/agreements where non-fulfillment of the obligations by any party will have significant impact on the Company's business;

We have no such contract which will have significant impact on the operations of the company.

6. Other relevant material updates about the company's business:

There is no other relevant update about the business of the company. However, the company is monitoring the situation and will further update on the matter as and when required.

The company shall keep all its stakeholders informed as and when any material development takes place which may have a significant impact on the company.

