



# 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  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.

Dear Sir,

**Sub: Submission of Audited Financial Result of the Company for Quarter and year ended on March 31, 2020.**

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

With reference to above mentioned subject and pursuant to Regulation 33(3) (d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are hereby submitting the followings:

1. Audited Financial Results for the Quarter and year ended on March 31, 2020.
2. Statement of Assets & Liabilities for the year ended on March 31, 2020.
3. Cash Flow Statement
4. Statutory auditors report regarding un-modified opinion.
5. Declaration by the company (for audit report with unmodified opinion)
6. Impact of Covid-19 on the business and operations of the company.

Kindly take the same on your record and oblige us.

Thanking You,

Yours faithfully,

For, Karnavati Finance Limited

Raman Morzaria  
Whole-Time Director  
DIN: 00203310



Registered Office :

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

**KARNAVATI FINANCE LIMITED**

CIN: L65910MH1984PLC034724

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

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

Statement of Standalone Audited Financial Results for the Quarter &amp; Year ended 31st March 2020

(Rs. In Lakhs except EPS)

| Particulars   |   | QUARTER ENDED |              |               | YEAR TO DATE 31/03/2020 |               |
|---------------|---|---------------|--------------|---------------|-------------------------|---------------|
|               |   |               |              |               |                         |               |
| A             | Date of start of reporting quarter  | 1/1/2020      | 1/1/2019     | 10/1/2019     | 4/1/2019                | 4/1/2018      |
| B             | Date of end of reporting quarter  | 3/31/2020     | 3/31/2019    | 12/31/2019    | 3/31/2020               | 3/31/2019     |
| C             | Whether results are audited or unaudited  | Audited       | Audited      | unaudited     | Audited                 | Audited       |
| D             | Nature of report standalone or consolidated   | Standalone    | Standalone   | Standalone    | Standalone              | Standalone    |
| <b>Part I</b> |   |               |              |               |                         |               |
| 1             | <b>Revenue from Operation :</b>   |               |              |               |                         |               |
| (a)           | Revenue from Operation :  |               |              |               |                         |               |
|               | (i) Interest Income   | 45.48         | 93.73        | 52.79         | 276.36                  | 324.02        |
|               | (ii) Dividend Income  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | (iii) Rental Income   | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | (iv) Fees and Commission Income   | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | (v) Net gain on Fair value changes  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | (vi) Net gain on derecognition of financial instruments under amortised cost category | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | (vii) Sale of Products (including Excise Duty)  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | (viii) Sale of Services   | 0.03          | 0.00         | 0.00          | 0.03                    | 0.00          |
|               | (ix) Others (to be specified)   | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| (b)           | Other Income  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
|               | <b>Total Revenue from operations (net)</b>  | <b>45.51</b>  | <b>93.73</b> | <b>52.79</b>  | <b>276.38</b>           | <b>324.02</b> |
| 2             | <b>Expenses</b>   |               |              |               |                         |               |
| (a)           | Finance cost  | 0.51          | 39.24        | -55.09        | 26.10                   | 157.63        |
| (b)           | Fees and Commission Expense   | 0.00          | 0.00         | 14.19         | 21.09                   | 0.00          |
| (c)           | Net Loss on Fair Value Changes  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| (d)           | Net Loss on derecognition of financial instruments under amortised cost category      | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| (e)           | Impairment on financial instruments   | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| (f)           | Cost of materials consumed  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| (g)           | Purchase of stock-in-trade  | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| (h)           | Changes in inventories of finished goods, work-in-progress and stock-in-trade         | -0.03         | 0.00         | 0.00          | -0.03                   | 0.00          |
| (i)           | Employee benefits expense   | 7.92          | 6.30         | 12.75         | 32.41                   | 27.85         |
| (j)           | Depreciation and amortisation & Impairment expense                                    | 1.26          | 1.45         | 0.00          | 1.26                    | 1.45          |
| (k)           | Other Expenses  | 7.68          | 6.89         | 18.82         | 36.25                   | 22.73         |
|               | (i) Impairment Loss/(Gain)  | 51.37         | -32.50       | -32.06        | 145.34                  | 15.67         |
|               | <b>Total expenses</b>   | <b>68.72</b>  | <b>21.37</b> | <b>-41.40</b> | <b>262.43</b>           | <b>225.33</b> |
| 3             | <b>Profit before exceptional and extraordinary items and tax</b>                      | <b>-23.22</b> | <b>72.36</b> | <b>94.19</b>  | <b>13.95</b>            | <b>98.68</b>  |
| 4             | Exceptional items   | 0.00          | 0.00         | 0.00          | 0.00                    | 0.00          |
| 5             | <b>Profit before extraordinary items and tax</b>                                      | <b>-23.22</b> | <b>72.36</b> | <b>94.19</b>  | <b>13.95</b>            | <b>98.68</b>  |




|    |  |        |       |       |       |       |
|----|--|--------|-------|-------|-------|-------|
| 6  | Extraordinary items  | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| 7  | Profit before tax  | -23.22 | 72.36 | 94.19 | 13.95 | 98.68 |
| 8  | Tax Expenses   |        |       |       |       |       |
|    | Current Tax  | -6.38  | 13.98 | 9.66  | 3.28  | 26.54 |
|    | Deffered Tax   | -0.07  | -0.08 | 0.00  | -0.07 | -0.08 |
|    | Total tax expenses   | -6.45  | 13.90 | 9.66  | 3.20  | 26.46 |
| 9  | Net profit/Loss for the period from continuing operations                                    | -16.76 | 58.46 | 84.53 | 10.75 | 72.22 |
| 10 | Net Profit /Loss from discontinuing operations before tax                                    | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| 11 | Tax Expenses of discounting operations   | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| 12 | Net Profit/Loss from discontinuing operations after tax                                      | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| 13 | Net Profit/Loss for the period   | -16.76 | 58.46 | 84.53 | 10.75 | 72.22 |
| 14 | Other Comprehensive Income   | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | a. (i) Items that will not be reclassified to profit or loss                                 | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | (ii) Income tax relating to items that will not be reclassified to profit or loss            | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | b. (i) Item that will be reclassified to profit or loss                                      | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | (ii) Income tax relating to items that will be reclassified to profit or loss                | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | Total Comprehensive Income   | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | Total comprehensive Income (comprising profit for the period and other comprehensive Income) | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| 15 | Details of Equity share capital  | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
|    | Paid up equity share capital   | 1005   | 1005  | 1005  | 1005  | 1005  |
|    | Face value of equity share capital   | 10     | 10    | 10    | 10    | 10    |
| 16 | Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year     | 0.00   | 0.00  | 0.00  | 0.00  | 0.00  |
| 17 | Earnings per share (Not Annualized )   |        |       |       |       |       |
| i  | Earnings per share before extraordinary items  | -0.17  | 0.58  | 0.84  | 0.11  | 0.72  |
|    | Basic earnings (loss) per share from continuing and discontinued operations                  | -0.17  | 0.58  | 0.84  | 0.11  | 0.72  |
|    | Diluted earnings (loss) per share from continuing and discontinued operations                | -0.17  | 0.58  | 0.84  | 0.11  | 0.72  |

**Notes:-**

|   |  |
|---|--|
| 1 | The above financial results were reviewed by the Audit committee and subsequently approved and taken on record by the Board of Directors of the company at its board meeting held on July 30, 2020. The statutory auditor of the company have carried out the audit of the above mentioned Financial Results.  |
| 2 | The company has adopted Indian Accounting Standards (IND-AS) notified under section 133 of Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standard) Rules 2015, from April 01, 2019 and the effective date of such transition is April 01, 2018, such transition has been carried out from the erstwhile Accounting Standard notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('the RBI') (collectively referred to as previous GAAP). In accordance with the regulatory guidance on implementation of Ind AS issued by RBI on March 13, 2020, the company has computed provisions as per extant Income Recognition Asset Classification and Provisioning (IRACP) norms issued by RBI solely for comparative puposes as specified therein. The aggregate impairment loss on application of expected credit loss method as per Ind AS, as stated above, is more than the provisioning required under IRACP norms (including standard asset provisioning). These financial results may require further adjustments, if any, necessitated by further guidelines/ clarifications/ directions issued in the future by RBI, Ministry of Corporate Affairs or other regulators, which will be implemented as and when the same are issued./ made applicable. |
| 3 | The impact of covid -19 on the business and operations of the company is attached as an Annexure-II to this financial results as required under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020   |
| 4 | The Company is primarily engaged in the financing activity and there are no separate reportable segments identified as per the IND-AS 108 - segment reporting.   |



|                      |  |  |                         |
|----------------------|--|--|-------------------------|
| 5                    | During the quarter on adoption of IND AS as per Ind AS 109 interest income is recognised on all assets excluding NPA and further the NPA Provision is made proposnately based on Asset Classification based on IRAC Norms as prescribed by RBI, so income is recognised on net carrying amount and NPA provision is made on Net amount based on Classification of Asset.   |  |                         |
| 6                    | As required by para 32 of IND AS 101, net profit reconciliation between the figuers reported under the previous GAAP and IND-AS is as under.   |  |                         |
| Sr.                  | Particulars  | Quarter Ended  | Year Ended              |
| No.                  |  | 31.03.2020   | 31.03.2019<br>(Audited) |
|                      | Net Profit after tax as reported under previous GAAP   | 59.04  | 72.22                   |
|                      | Adjustments Increasing/(Decreasing) net profit after tax as reported under previous GAAP   |  |                         |
| a                    | Adoption of EIR* for amortisation of income and expenses - Financial Assets at amortised cost  | -  | -                       |
| b                    | Adoption of EIR* for amortisation of expenses - Financial Liabilities at amortised cost  | -  | -                       |
| c                    | Expected Credit Loss   | -  | -                       |
| d                    | Others   |  |                         |
|                      | (Annual Fees paid in Q2)   | (0.78)   | -                       |
|                      | (Tax on above)   | 0.20   | -                       |
|                      | Net Profit/(Loss) after tax as per Ind AS  | 58.46  | 72.22                   |
|                      | Equity reconciliation between the figuers reported under the previous GAAP and IND-AS is as under.   |  |                         |
|                      | Particular   | As at 31st March 2020 (Audited)  |                         |
|                      | Equity as Reported Under previous GAAP   | 1,248.06   |                         |
|                      | Adjustments increasing/(decreasing) equity as reported under previous GAAP   |  |                         |
|                      | Adjustment on Account of EIR for Amortisation of Income & Expenses - Financial Assets at amortised cost  | -  |                         |
|                      | Adjustment on Account of EIR for Amortisation of Expenses - Financial Liabilities at amortised cost  | -  |                         |
|                      | Impairment of Financial Assets (Expected credit Loss)  | -  |                         |
|                      | Fair Value Change on Financial assets at fair value through other comprehensive income   | -  |                         |
|                      | Recognition of service assets on assignment transaction as per IND AS 109  | -  |                         |
|                      | Fair Value Change on Financial assets at fair value through Profit & Loss  | -  |                         |
|                      | Equity as per IND AS   | 1,248.06   |                         |
| 7                    | The Company has borrowing in the form of ICD carried in the Balance Sheet at Rs. 1086.80 Lakhs, interest to the extent of Rs. 119.87 Lakhs is not provided thereon for current year and recognised as Contingent Liability due to ongoing litigation, outcome of the same is yet to come. The Company has corresponding NIM (Net Interest Margin) based Advances in the nature of Pass-through transaction that have become NPA and provision to the extent of Rs. 55.86 Lakhs towards Expected Interest Loss and Expected Credit Loss to the extent of Rs.102.47 Lakhs over and above ECL provision on Standard Assets. |  |                         |
| 8                    | In accordance with the provisions of Section 115BAA of the Income Tax Act, 1961, the Company has opted to pay income tax at a reduced rate of 22% (plus surcharge @ 10% and cess @ 4%) with effect from the current financial year (as against earlier rate of 25% plus cess @ 4%). Consequently, tax expense for the year comprising current and deferred tax as per Indian Accounting Standards (IND AS -12) (Income Taxes) have been recognized using the reduced tax rates applicable.   |  |                         |
| 9                    | The figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to nine months of relevant financial year, which were subjected to limited review by the auditors.   |  |                         |
| 10                   | The figures for the previous quarter/period have been regrouped/rearranged wherever necessary to conform to the current period presentation.   |  |                         |
| Place: Jamnagar      |  | For, Karnavati Finance Limited   |                         |
| Date: 30th July 2020 |  | <br>Mr. Raman P. Morzaria<br>Whole-Time Director<br>DIN: 00203310 |                         |



**KARNAVATI FINANCE LIMITED**

CIN: L65910MH1984PLC034724

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

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

**Statement of Assets and Liabilities**

(Rs. In Lakhs)

| Particulars |  | AS AT           | AS AT           |
|-------------|--|-----------------|-----------------|
|             |  | 3/31/2020       | 3/31/2019       |
| A           | Date of Start of reporting period            | 4/1/2019        | 4/1/2018        |
| B           | Date of end of reporting period              | 3/31/2020       | 3/31/2019       |
| C           | Whether the results are audited or unaudited | Audited         | Audited         |
| D           | Nature of report standalone or consolidated  | Standalone      | Standalone      |
| <b>A</b>    | <b>ASSETS</b>                                |                 |                 |
| <b>1</b>    | <b>Financial Asset</b>                       |                 |                 |
| (a)         | Cash and cash equivalents                    | 30.78           | 44.59           |
| (b)         | Bank Balance other than (a) above            | -               | -               |
| (c)         | Derivative financial instruments             | -               | -               |
| (d)         | Receivables                                  |                 |                 |
|             | (I) Trade Receivables                        | -               | -               |
|             | (II) Other Receivables                       | 0.25            | 0.25            |
| (e)         | Loans & Advances                             | 2,398.39        | 2,860.35        |
| (f)         | Investments                                  | -               | -               |
| (g)         | Other Financial assets                       | -               | -               |
|             | <b>Sub-total - Financial Assets</b>          | <b>2,429.43</b> | <b>2,905.19</b> |
| <b>2</b>    | <b>Non Financial Asset</b>                   |                 |                 |
| (a)         | Inventories                                  | 0.19            | 0.17            |
| (b)         | Current tax assets (Net)                     | -               | -               |
| (c)         | Deferred tax Assets (Net)                    | 3.55            | 3.47            |
| (d)         | Investment Property                          | -               | -               |
| (e)         | Biological assets other than bearer plants   | -               | -               |
| (f)         | Property, Plant and Equipment                | 3.78            | 4.98            |
|             | (I) Capital work-in-progress                 | -               | -               |
|             | (II) Intangible assets under development     | -               | -               |
| (g)         | Goodwill                                     | -               | -               |
| (h)         | Other Intangible assets                      | -               | -               |
| (i)         | Other non-financial assets (to be specified) |                 |                 |
|             | Balance with Revenue Authorities             | 5.58            | 18.46           |
|             | Amortisation of Expenses                     | -               | -               |
|             | Deposits                                     | -               | -               |
|             | <b>Sub-total - Non Financial Assets</b>      | <b>13.09</b>    | <b>27.08</b>    |
|             | <b>Total Assets</b>                          | <b>2,442.52</b> | <b>2,932.27</b> |





**KARNAVATI FINANCE LIMITED**

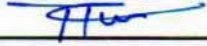
CIN: L65910MH1984PLC034724

**Registered Office:** 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064.**Corporate office:** "Vraj", 5th Floor, Opp. Hotel President, Near Bhumi Press, Limda Lane, Jamnagar - 361001, Gujarat.**Statement of Cash Flows**

(Rs. In Lakhs)

| PARTICULARS                                       | PERIOD ENDED  |              |
|---|---------------|--------------|
|   | 31/03/2020    | 31/03/2019   |
| <b>A. Cash Flow from Operating Activities</b>     |               |              |
| Net Profit Before Taxation                        | 13.95         | 98.68        |
| Adjustment For :                                  |               |              |
| Audit Fees  | 1.50          | 1.90         |
| Depreciation                                      | 1.26          | 1.45         |
| Reversal of NPA Provision                         | -             | -            |
| Written Off                                       | 0.03          | 1.16         |
| NPA Provision                                     | 145.34        | 14.90        |
| General Provision on Standard Assets              | 3.90          | 0.77         |
| Finance Cost                                      | 26.10         | 157.63       |
| Operating Profit before change in Working Capital | 192.07        | 276.49       |
| <b>Movement in Working Capital</b>                |               |              |
| Decrease/-Increase in Loan Advance                | 316.62        | (244.44)     |
| Decrease/-Increase in Inventory                   | (0.03)        | -            |
| Decrease/-Increase in Current Assets              | -             | (0.25)       |
| Decrease/-Increase in Other Current Assets        | 12.88         | (10.01)      |
| -Decrease/Increase in Current Laibilities         | 11.00         | 0.55         |
| -Decrease/Increase in Other Current Laibilities   | (37.65)       | 8.68         |
| Movement in Working Capital                       | 302.83        | (245.47)     |
| <b>Net Cash Generation From Operation</b>         | <b>494.91</b> | <b>31.03</b> |
| Direct Tax Paid                                   | (9)           | (22.92)      |
| <b>Net Cash From Operating Activities</b>         | <b>485.76</b> | <b>8.10</b>  |
| <b>Cash Flow From Investing Activites</b>         |               |              |
| Purchase of Fixed Assets                          | (0.06)        | -            |
| <b>Net Cash Flow from Investing Activites</b>     | <b>(0.06)</b> | <b>-</b>     |



|   |                                       |   |
|---|---------------------------------------|---|
| <b>Cash Flow from Financial Activities</b>      |                                       |   |
| -Decrease/Increase in Long Term Borrowings      | (473.41)                              | 151.18  |
| Decrease/-Increase in Long Term Advances        | -                                     | (1.13)  |
| Finance Cost                                    | (26.10)                               | (157.63)  |
| Issue of Share Capital                          | -                                     | -   |
| <b>Net Cash From Financial Activities</b>       | <b>(499.51)</b>                       | <b>(7.58)</b>   |
|   |                                       |   |
| Net Increase/Decrease in Cash & Cash Equivalent | (13.81)                               | 0.52  |
| Cash at the Beginning of Year                   | 44.59                                 | 44.07   |
| Cash at the End of Year                         | 30.78                                 | 44.59   |
|   |                                       |   |
| Place: Jamnagar                                 | <b>For, Karnavati Finance Limited</b> |   |
| Date: 30th July 2020                            |                                       |   |
|   |                                       |   |
|   |                                       |  |
|   |                                       | Mr. Raman P Morzaria  |
|   |                                       | Whole-Time Director   |
|   |                                       | DIN: 00203310   |





**Auditor's Report on Standalone Financial Results for the quarter and year ended March 31, 2020 of the Company pursuant to Regulation 33, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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

**Report on the audit of the Standalone Financial Results**

**Opinion**

We have audited the accompanying Standalone Financial Results of Karnavati Finance Company Limited ('the Company') for the quarter and year ended March 31, 2020 (the statement), including the Notes thereon ("the Standalone Financial Results"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard ("SEBI Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- I. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- II. Gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter and year ended March 31, 2020.

**Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the Auditor's responsibilities for the Audit of the standalone Financial Results 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 ethics requirements that are relevant to our audit of the financial results under the provisions of the companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to note 3 to the Quarterly financial statements, which respect to the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

We would like to draw attention to note 7 Contingent Liability on Inter Corporate Loan which arises through the pass through transaction on NIM basis entered by the Company, consequent to asset under pass through arrangement becoming NPA on account of dispute in transaction. Loss likely to arise is to the extent of interest liability on account of negative outcome of litigation. Our opinion is not modified in respect of this matter.

#### **Management's Responsibilities for the Standalone Financials Results**

The Statement has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors is responsible for the preparation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 3i and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 accuracy and completeness of the accounting records relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors 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 the Board of Directors either intends to liquidate



the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

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.

#### **Other Matter**

As stated in Note No 09 of the statement, the figures for the quarter ended March 31, 2020 and March 31, 2019 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to nine months of relevant financial year, which were subjected to limited review by us. Our opinion on the standalone financial results is not modified in respect of this matter.

Date : 30<sup>th</sup> July 2020  
Place : Jamnagar

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



**HIREN JAYANTILAL MARU**  
**Partner**

**M.No. : 115279**

**UDIN: 20115279 AAAACI 3853**



# 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  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400 001.

**Sub.:** Declaration regarding Audit Report with Unmodified Opinion under Regulation 33(3)(D) Of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015

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

Pursuant to Regulation 33(3)(d) of SEBI (Listing obligations & Disclosure requirements) Regulation, 2015, I hereby declare that Statutory Auditors of Karnavati Finance Limited M/s D G M S & Co., Chartered Accountant have issued an Audit Report with un-modified opinion for the Audited Financial results of the company for the quarter and year ended on March 31, 2020.

Thanking You

For, Karnavati Finance Limited

Raman Morzaria  
Whole-Time Director  
DIN: 00203310



Registered Office :

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



# 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



# 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

## 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 provide 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 stakeholders of the company.

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



Page 1 of 3

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

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.

