

# KARNAVATI FINANCE LIMITED

CIN: L65910MH1984PLC034724



**Regd. Off:** Unit No 2, Sagar Deep Darshan Co Operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai – 400 092

**Corp. Off:** Vraj, 5th Floor, Opp. President Hotel, Near Bhumi Press, Limda Lane, Jamnagar – 361001, Gujarat

**Phone:** +91 – 022 – 3190 8900, +91 – 288 – 266 3042; **Fax:** 0288-2673759; **E-mail:** karnavatifinance@gmail.com

**Web:** www.karnavatifinancelimited.com

## POSTAL BALLOT NOTICE

(Pursuant to Section 110 of the Companies Act, 2013)

To,

### The Members of Karnavati Finance Limited

NOTICE is hereby given, in accordance with the provisions of Section 110 of the Companies Act, 2013, as amended ("the Act") read with Rule 20 and Rule 22 of Companies (Management and Administration) Rules, 2014 ("the Rules") (including any statutory modification or re-enactment thereof for the time being in force) and all other applicable provisions of the Companies Act, 2013 and rules made there under, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations, that the Resolutions, appended below, are proposed to be passed by the Members as Special/Ordinary Resolution(s), as the case may be, by way of Physical Postal Ballot and voting by electronic means (hereinafter termed as "Remote e-voting") by giving their assent/dissent, as the case may be. The Explanatory Statement pertaining to all the Resolutions setting out the material facts and the reasons thereof is annexed hereto along with a Postal Ballot Form.

Members desiring to exercise their vote by postal ballot are requested to carefully read the instructions printed in the postal ballot form and return the same duly completed in the enclosed self-addressed Business Reply Envelope. Postage will be borne and paid by the Company. Postal Ballot Form(s), if sent by courier or by registered post / speed post at the expense of the Member(s) will also be accepted. The Postal Ballot Form(s) may also be deposited personally at the address given on the self-addressed Business Reply Envelope. The duly completed postal ballot form(s) should reach the Scrutinizer not later than 05:00 p.m. on April 27, 2017 to be eligible for being considered for voting, failing which, it will be strictly considered that no reply has been received from the Member.

Members desiring to opt for remote e-voting as per the facilities arranged by the Company are requested to read carefully the instructions in Notes under the section 'Voting through Electronic Means'. References to Postal Ballot(s) in this Postal Ballot Notice include votes received through electronically.

The Board of Directors of the Company has appointed Mr. Anand Lavingia, Practicing Company Secretary, (COP No. 11410), as the Scrutinizer for conducting the postal ballot and scrutinize the votes received through postal ballot and remote e-voting in a fair and transparent manner. The date of declaration of result of voting shall be the date on which the resolution, if approved by the requisite majority, would be deemed to have been passed. The Scrutinizer will submit his report to the Chairman of the Company after the completion of the scrutiny of votes received through postal ballots and remote e-voting. The result of postal ballot shall be declared on April 29, 2017 and communicated to the stock exchange, e-voting agency and shall also be displayed on the Company's website at [www.karnavatifinancelimited.com](http://www.karnavatifinancelimited.com).

### SPECIAL BUSINESSES:

#### Item No.1 – Increase the Authorized Share Capital of the Company and consequent alteration in the Clause V of the Memorandum of Association of the Company:

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 Section 61, 64 and other applicable provisions of the Companies Act, 2013 and the rules issued there under (including any statutory modification or re-enactment thereof for the time being in force), the authorized share capital of the Company be and is hereby increased from Rs. 10,00,00,000/- (Rupees Ten Crore only) divided into 1,00,00,000 (One Crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 10,50,00,000/- (Rupees Ten Crore Fifty Lakh only) divided into 1,05,00,000 (One Crore Five Lakh only) Equity Shares of Rs. 10/- (Rupees Ten only) each, by way of creation of an additional 5,00,000 (Five Lakhs only) Equity Shares of Rs. 10/- (Rupees Ten only) each ranking pari passu in all respect with existing equity shares of the company, aggregating to Rs. 50,00,000/- (Rupees Fifty Lakh only).

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**RESOLVED FURTHER THAT** consequent to increase in the Authorised Capital of the Company, existing Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following;

V. The Authorized Share Capital of the Company is Rs. 10,50,00,000/- (Rupees Ten Crore Fifty Lakh only) divided into 1,05,00,000 (One Crore Five Lakh only) Equity Shares of Rs. 10/- (Rupees Ten only) each, ranking pari passu in all respect.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient, in the best interest of the Company."

**Item No. 2 – Issue of Equity Shares of the Company on Preferential Basis to Promoter & Promoters' Group and other identified entities:**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 62 (1) (c), 42 and other applicable provisions, if any, of the Companies Act, 2013 read with the relevant rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) (the "Act") to the extent notified and in effect, the applicable provisions, if any, of the Companies Act, 1956 (as amended) (without reference to the provisions that have caused to have effect up on notification of provisions of the Act) and in accordance with the enabling provisions of the Memorandum of Association and Articles of Association of the Company and in accordance with the provisions on preferential issue as contained in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI (ICDR) Regulations"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended and any other rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India, the Securities and Exchange Board of India ("SEBI") and subject to such approvals, consents, permissions and sanctions as may be necessary or required from regulatory or other appropriate authorities, including but not limited to SEBI, BSE Limited ("Designated Stock Exchange" or "Stock Exchange") and subject to such conditions and modifications as might be prescribed while granting such approval, consents, permissions and sanctions and which terms may be agreed to by the Board of Directors of the Company (the "Board", which term includes a duly constituted and authorized committee) and all such other approvals, consent of the Members of the Company be and is hereby accorded to the Board to create, issue, offer and allot up to 17,40,000/- (Seventeen Lakh Forty Thousands only) Equity Shares of Rs. 10/- each on a preferential basis ("Preferential Issue") to selected persons as stated herein below ("Proposed Allottee(s)"), at an issue price as may be determined as on the relevant date in accordance with the SEBI (ICDR) Regulations or such other higher price, in such manner, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board in accordance with the relevant provisions of SEBI (ICDR) Regulations, or other applicable laws in this regard.

<b>Sr. No.</b>	<b>Name of Proposed Allottee(s)</b>	<b>Category of Allottee</b>	<b>No. of Shares proposed to be allotted</b>
1.	Mr. Raman Morzaria	Promoter	1,85,000
2.	Mr. Jay Morzaria	Promoter	1,53,750
3.	Mr. Kush Morzaria	Promoter Group	1,53,750
4.	Mr. Chetan Tanna	Public	1,00,000
5.	Ms. Sheetal Tanna	Public	1,00,000
6.	Mr. Manish Tanna	Public	1,00,000

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7.	Ms. Jayshree Tanna	Public	1,00,000
8.	Nikhil M Shah HUF	Public	4,23,750
9.	Mahesh K Shah HUF	Public	4,23,750

**RESOLVED FURTHER THAT** the aforesaid issue of the Equity shares shall be on the following terms and conditions:

- i) That the “relevant date” for the purpose of determining the floor price (inclusive of premium) for the purpose of preferential issue of Equity Shares under the SEBI (ICDR) Regulations is March 30, 2017, being the date 30 days prior to the deemed date of passing of resolution through Postal Ballot;
- ii) That the full consideration of Equity Shares shall be paid by the allottees at the time of allotment of Equity Shares and the consideration must be paid from respective allottee’s bank account;
- iii) That the said Equity Shares shall be issued and allotted by the Company to Proposed Allottees within a period of 15 (Fifteen) days from the date of passing of this resolution provided that where the allotment of the said Equity Shares is pending on account of delay of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 (Fifteen) days from the date of such approval;
- iv) That the Equity Shares to be so allotted shall be in dematerialised form and shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company, and shall rank pari passu in all respects including dividend, with the existing Equity Shares of the Company; and
- v) That the Equity Shares allotted shall be subject to lock-in as stipulated under Chapter VII of the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** for the purpose of giving effect to above resolution, the Board and such other persons as may be authorized by the Board on behalf of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or expedient for the purpose of the issue or allotment of the Equity Shares, listing of the said Equity Shares with the BSE Limited on SME Platform and to resolve and settle any questions and difficulties that may arise in the proposed issue, offer and allotment of the said Equity Shares, utilization of issue proceeds, sign all such undertakings and documents as may be required, and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Company in so doing and any document so executed and delivered or acts and things done or caused to be done prior to the date thereof are hereby ratified, confirmed and approved as the acts and deeds of the Company, as the case may be and to do all such acts, deeds, matters and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders.

**RESOLVED FURTHER THAT** subject to SEBI Regulations and other applicable laws, the Board be and is hereby authorized to determine, vary, modify, alter any of the terms and conditions of the proposed preferential issue of Equity Shares including determining of price of Equity Shares, reduction of the size of the issue etc., as it may deem expedient, in its discretion.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of the Board or any Director(s) or Officer(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the Stock Exchanges and Regulatory Authorities and execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any Merchant Bankers or other Professional Advisors, Consultants and Legal Advisors to give effect to the aforesaid resolution.”

**Item No. 3 – Migration of Listing of Equity Shares of the Company from SME Platform of BSE Limited to the Main Board of BSE Limited:**

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

*Note: In accordance with Regulation 106 U (1) of SEBI (ICDR) Regulations, 2009 the below mentioned Special Resolution shall be acted up on only if the votes cast by shareholders other than promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.*

**“RESOLVED THAT** pursuant to provisions of Chapter XB of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 and other applicable provisions, if any, of the Companies Act 2013, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the rules framed there under, including any amendment, modification, variation or re-enactment thereof, the consent of the members of the Company be and is hereby accorded for purpose of migration of the listing of Equity Shares of the Company from SME Platform of BSE Limited to the Main Board of BSE Limited.

**RESOLVED FURTHER THAT** the Directors of the Company be and are hereby authorized jointly and severally to deal with any Government or semi government authorities or any other concerned intermediaries including but not limited to BSE Limited, Securities and Exchange Board of India, Registrar of Companies, to apply, modify, rectify and submit any application and/or related documents on behalf of the Company for the purpose of migration of the Company’s present listing from SME Platform of BSE Limited to the Main Board of BSE Limited.

**RESOLVED FURTHER THAT** Directors of the Company be and are hereby authorized jointly and severally to do all such acts and things as may be necessary and expedient to give effect to the above resolution, on behalf of the Company.”

By order of the Board of Directors  
For, **Karnavati Finance Limited**

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**Jay Morzaria**

**Managing Director**

**DIN: 02338864**

**Date:** March 23, 2017

**Place:** Mumbai

## Notes

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of all special businesses specified above is annexed hereto.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members/List of Beneficial Owners as received from NSDL and CDSL as on March 24, 2017 in electronic form to the email addresses registered with their Depository Participants (in case of electronic shareholding)/the Company’s Registrar and Share Transfer Agents (in case of physical shareholding). For Members whose email IDs are not registered, physical copies of the Postal Ballot Notice are being sent by permitted mode along with postage prepaid self-addressed Business Reply Envelop.
3. Members whose names appear on the Register of Members / List of Beneficial Owners as on March 24, 2017 will be considered for the purpose of voting. Voting rights shall be reckoned on the paid-up value of shares registered in the names of the Members as on March 24, 2017.
4. Resolutions passed by the Members through postal ballot are deemed to have been passed as if they have been passed at a General Meeting of the Members.
5. In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he/she may send an e-mail to karnavatifinance@gmail.com. The Registrar and Transfer Agent / Company shall forward the same along with postage prepaid self-addressed Business Reply Envelope to the Member.
6. The Members can opt for only one mode of voting, i.e., voting either by physical ballot or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot Forms will be treated as invalid.
7. A Member cannot exercise his vote by proxy on postal ballot.
8. All the material documents referred to in the explanatory statement will be available for inspection at the registered office of the Company during 02:00 P.M. to 04:00 P.M. on all working days, excluding Saturday, Sunday and national holiday, from the date of dispatch of the Notice till April 27, 2017. Members who want to inspect such document shall intimate (through e-mail or post) the Company before 48 working hours and on confirmation from the Company, the members shall be allowed to inspect such documents.
9. Members desiring to exercise their vote by physical postal ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed, in the

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enclosed self-addressed Business Reply Envelope to the Scrutinizer, so that it reaches the Scrutinizer not later than 05:00 p.m. on April 27, 2017. If any postal ballot is received after 05:00 p.m. on April 27, 2017, it will be considered that no reply has been received from the Member.

10. Postal Ballot Form duly completed and signed shall be sent to Mr. Anand Lavingia, Scrutinizer at his office address: *Office No. 415-416, "Pushpam", Opp. Seema Hall, Anandnagar Road, Satellite, Ahmedabad – 380 051 Gujarat, India.*
11. The Scrutinizer will submit his report to the Chairman after the completion of scrutiny, and the result of the voting by postal ballot will be announced by the Managing Director or any Director of the Company duly authorized, on or before April 29, 2017.
12. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.karnavatifinancelimited.com](http://www.karnavatifinancelimited.com) and on the website of NSDL [www.evoting.nsd.com](http://www.evoting.nsd.com) and communicated to the BSE Limited.
13. The date of declaration of result of voting shall be the date on which the resolution, if approved by the requisite majority, would be deemed to have been passed.

Pursuant to the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of NSDL for the purpose of providing e-voting facility to all its Members.

#### **Instructions for Members for remote 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 the attached PDF file "KFL\_Postal\_Ballot" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting.
- Step 2. Launch internet browser by typing the URL <https://www.evoting.nsd.com/>
- Step 3. Click on "Shareholder - Login".
- Step 4. Enter User ID and password as initial password noted in Step 1 above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com)
- Step 5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
- Step 6. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
- Step 7. Select "EVEN" of Karnavati Finance Limited. Members can cast their vote online from Wednesday, March 29, 2017 (09:00 A.M.) till Thursday, April 27, 2017 (05:00 P.M.).

**Note: e-Voting shall not be allowed beyond said time.**

- Step 8. Now you are ready for "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.
- Step 10. On confirmation, the message "Vote cast successfully" will be displayed.
- Step 11. Once you have voted on a resolution, you will not be allowed to modify it again.
- Step 12. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also 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 [krishivadvisory@gmail.com](mailto:krishivadvisory@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

B. In case a Member receives physical copy of the Notice of Postal Ballot [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 Postal Ballot Form.

EVEN	USER ID	PASSWORD	NO. OF SHARES
106078			

- Step 2. Please follow all steps from Step 2 to Step 12 above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the "downloads" section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no: 1800-222-990.

The voting period commences from Wednesday, March 29, 2017 (09:00 A.M.) and ends on the Thursday, April 27, 2017 (05:00 P.M.). The e-voting module will be disabled for voting thereafter by NSDL.



### **Explanatory Statement**

(Pursuant to Section 102 of the Companies Act, 2013 and Clause 1.2.5 of Secretarial Standard on General Meetings)

#### **Item No.1 – Increase the Authorized Share Capital of the Company and consequent alteration in the Clause V of the Memorandum of Association of the Company:**

In order to broad base capital structure and expansion of the business of the Company and to enable the Company to issue further shares, it is proposed to increase the authorized share capital of the Company from Rs. 10,00,00,000/- (Rupees Ten Crore only) divided into 1,00,00,000 (One Crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 10,50,00,000/- (Rupees Ten Crore Fifty Lakh only) divided into 1,05,00,000 (One Crore Five Lakh only) Equity Shares of Rs. 10/- (Rupees Ten only) each.

As a consequence of increase of authorized share capital of the Company, the existing authorized share capital clause (Clause V) in the Memorandum of Association of the Company be altered accordingly. The proposed increase of authorized share capital requires the approval of members of the Company in general meeting under Sections 61, 64 and other applicable provisions of the Companies Act, 2013, as well as any other applicable statutory and regulatory approvals.

The new set of Memorandum of Association is available for inspection at the Registered Office of the Company.

Therefore, the Board recommends the resolutions as set out at Item No. 1 hereof for approval of the shareholders as an Ordinary Resolution.

None of the directors or any key managerial personnel or any relative of any of the directors/key managerial personnel of the Company is, in anyway, concerned or interested in the above Resolution except to the extent of their shareholding in the Company.

#### **Item No. 2 – Issue of Equity Shares of the Company on Preferential Basis to Promoter & Promoters' Group and other identified entities:**

In terms of Sections 62(1)(c), 42 and other applicable provisions, if any, of the Companies Act, 2013, as amended and the rules made there under (the "Act") and other applicable provisions, if any, and Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI (ICDR) Regulations"), approval of shareholders of the Company by way of special resolution is required for allotment of Equity Shares on preferential basis to the Promoter & Promoters' Group and other identified entities ("Proposed Allotees").

The Proposed Allotees have represented and declared to the Company that they have not sold any equity Shares of the Company during the 6 (six) months preceding the relevant date and they holds all the Equity Shares (if any) in Dematerialized Form only. Further all the Proposed Allotees have submitted their respective Permanent Account Number to the Company.

In terms of Section 102 of the Companies Act, 2013, the Explanatory Statement sets out all the material facts in respect of aforementioned business. As required under Rule 13(2)(d) of the Companies (Share Capital and Debentures) Rules, 2014 of Companies Act, 2013 and Regulation 73 and other applicable provisions of SEBI (ICDR) Regulations, the following disclosures are needed to be made in the Explanatory Statement:

##### **A. The Objects of the issue through preferential offer:**

The proceeds of the preferential offer are proposed to be used to augment our capital base, to meet increased fund requirements, expand the NBFC activities/Financing Operations and the General Corporate purpose, as the Board from time to time decide.

##### **B. The intention of Promoter(s)/Director(s)/Key Managerial Personnel to subscribe to the offer:**

Mr. Raman Morzaria and Mr. Jay Morzaria being Promoters/ Director/ Key Managerial Personnel and Mr. Kush Morzaria being part of Promoters' Group are intent to subscribe to the offer. The details of their subscription are provided in the resolution itself.

##### **C. The total number of Equity Shares to be issued.**

The total number of Equity Shares proposed to be issued is 17,40,000 (Seventeen Lakhs Forty Thousand only) Equity Shares of face value Rs. 10 (Rupees Ten only) each.

##### **D. Shareholding Pattern of the Company before and after the Preferential Issue:**

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The shareholding pattern before and after the Preferential Issue offer would be as under:

Category of Shareholder	Pre Issue		Post Issue <sup>(1)</sup>	
	Total No. of Shares	%	Total No. of Shares	%
A. Promoter & Promoter Group				
1. Indian				
Individuals/ Hindu Undivided Family	5305400	63.46	5797900	57.40
Bodies Corporate	23900	0.29	23900	0.24
Sub Total (A)(1)	5329300	63.75	5821800	57.64
2. Foreign	-	-	-	-
Sub Total (A)(2)	-	-	-	-
<b>Sub Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>5329300</b>	<b>63.75</b>	<b>5821800</b>	<b>57.64</b>
B. Public shareholding				
1. Institutions	-	-	-	-
Sub-Total (B) (1)	-	-	-	-
2. Central Government/State Government(s)/President of India	-	-	-	-
Sub-Total (B) (2)	-	-	-	-
3. Non-institutions				
a) Individuals -				
i. Individual shareholders holding nominal share capital up to Rs.2 lakh.	420700	5.03	420700	4.17
ii. Individual shareholders holding nominal share capital in excess of Rs.2 lakh.	2080000	24.88	2480000	24.55
b) NBFCs registered with RBI	-	-	-	-
c) Market Maker	130000	1.56	130000	1.29
d) Hindu Undivided Families	350000	4.19	1197500	11.86
e) Any Other (Specify)				
i. LLP				
ii. Bodies Corporate	50000	0.60	50000	0.49
Sub-Total (B) (3)	3030700	36.25	4278200	42.36
<b>Sub Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)</b>	<b>3030700</b>	<b>36.25</b>	<b>4278200</b>	<b>42.36</b>
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
<b>Sub Total (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8360000</b>	<b>100.00</b>	<b>10100000</b>	<b>100.00</b>

**Note:**

- 1) The post issue shareholding pattern in the above table has been prepared on the basis that the proposed allottee(s) will subscribe to all the Equity Shares which they are intent to do so. In the event for any reason, the proposed allottee(s) do not or are unable to subscribe to and/or are not allotted the Equity Shares, the shareholding pattern in the above table would undergo corresponding changes.
- 2) It is further assumed that shareholding of the Company in all other categories will remain unchanged.
- 3) The Pre Issue Shareholding Patterns is as on record date March 17, 2017.
- 4) The Company will ensure compliance with all applicable laws and regulations including the SEBI ICDR Regulations at the time of allotment of equity shares of the Company.

**E. The time within which the preferential issue shall be completed:**

As required under SEBI (ICDR) Regulations, the Company shall complete the allotment of equity shares as aforesaid on or before the expiry of 15 days from the date of passing of special resolution by the shareholders according consent for preferential issue or in the event of allotment of equity shares would require any other approval(s) from any regulatory

**KARNAVATI FINANCE LIMITED****CIN: L65910MH1984PLC034724****Regd. Off:** Unit No 2, Sagar Deep Darshan Co Operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai – 400 092**Corp. Off:** Vraj, 5th Floor, Opp. President Hotel, Near Bhumi Press, Limda Lane, Jamnagar – 361001, Gujarat**Phone:** +91 – 022 – 3190 8900, +91 – 288 – 266 3042; **Fax:** 0288-2673759; **E-mail:** karnavatifinance@gmail.com**Web:** www.karnavatifinancelimited.com

authorities including stock exchange where the shares of the Company are listed or the Central Government, within 15 days from the date of such approval(s) as the case may be required.

**F. Details of Proposed Allottees and the identity of the Natural Persons who are the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:**

Name of Proposed Allottees	Category	Ultimate Beneficial Owner	Post Issue Shareholding	
			No. of Shares	%
Mr. Raman Morzaria	Individual	Mr. Raman Morzaria	28,67,700	28.39
Mr. Jay Morzaria	Individual	Mr. Jay Morzaria	11,57,350	11.46
Mr. Kush Morzaria	Individual	Mr. Kush Morzaria	14,78,850	14.64
Mr. Chetan Tanna	Individual	Mr. Chetan Tanna	1,00,000	0.99
Ms. Sheetal Tanna	Individual	Ms. Sheetal Tanna	1,00,000	0.99
Mr. Manish Tanna	Individual	Mr. Manish Tanna	1,00,000	0.99
Ms. Jayshree Tanna	Individual	Ms. Jayshree Tanna	1,00,000	0.99
Nikhil M Shah HUF	HUF	<b>Karta</b> Mr. Mahesh Shah <b>Members</b> Mrs. Shipla Shah Mr. Nikhil Shah Mrs. Komal Shah	4,23,750	4.20
Mahesh K Shah HUF	HUF	<b>Karta</b> Mr. Nikhil Shah <b>Members</b> Mrs. Khushbu Shah Ms. Deeti Shah Mr. Yeshmit Shah	4,23,750	4.20

None of the Proposed Allottees have been allotted any securities of the Company during the year 2016-17.

**G. Change in Control:**

There shall be no change in the management or control of the Company pursuant to the issue of equity shares on preferential basis.

**H. Relevant Date:**

The relevant date for the purpose of pricing of Equity Shares shall be Thursday, March 30, 2017, being the date which is 30 (thirty) days prior to the deemed date of passing of special resolution by the Members of the Company through postal ballot, approving the proposed preferential issue, in accordance with the SEBI (ICDR) Regulations.

**I. Pricing of the preferential issue:**

In terms of SEBI (ICDR) Regulations, 2009, where the Equity Share of the Company are Frequently Traded and listed on a recognized stock exchange for a period of twenty six weeks or more as on the relevant date, the equity shares shall be allotted at a price not less than the higher of the Following:

- The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on the recognized stock exchange during the per twenty six weeks preceding the relevant date; or
- The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.

The relevant date for the purpose of pricing of Equity Shares shall be Thursday, March 30, 2017. The Equity shares will be allotted at a price equal to or higher than the price calculated in the aforesaid manner.





The requirement of the basis on which the price has been arrived at along with report of the registered valuer as such is not applicable since the Company is a listed Company and the pricing is in terms of the SEBI (ICDR) Regulations.

**J. Undertaking regarding re-computation of price:**

The Company undertake to re-compute the price of the Equity Shares in terms of provision of SEBI (ICDR) Regulations, where it is required to do so. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations, the Equity Shares continue to be locked-in till the time such amount is paid by the allottee(s).

**K. Auditors' Certificate:**

The Company has obtained the Certificate from M/s. Maharishi & Co., Chartered Accountants, Statutory Auditors of the Company, certifying that the issue is being made in accordance with the requirements of Chapter VII of the SEBI (ICDR) Regulations. A copy of said Certificate will be made available for inspection of the Members at the registered office of the Company.

**L. Lock in Period:**

The Equity Shares allotted on preferential basis to promoter and promoter group shall be locked-in for a period of three years from date of trading approval granted for the equity shares. However, not more than twenty percent of the total capital of the Company shall be locked in for three years from the date of trading approval. The equity shares allotted in excess of the twenty per cent shall be locked in for one year from the date of trading approval. The equity shares allotted on preferential basis to persons other than promoter and promoter group shall be locked in for a period of one year from the date of trading approval.

Further, entire pre-preferential allotment shareholding of the allottees, if any, shall be locked-in from the relevant date up to a period of six months from the date of trading approval.

As it is proposed to issue and allot the equity shares aforesaid on preferential basis, approval of shareholders is required by way of special resolution pursuant to provisions of Section 62 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and Chapter VII of the SEBI (ICDR) Regulations.

The Board of Directors recommends the passing of this resolution by Special Resolution.

Except Mr. Raman Morzaria and Mr. Jay Morzaria, being Directors and key managerial personnel and Mr. Kush Morzaria, being relative of Directors and key managerial personnel to the extent of their equity holdings in the company and their intentions to subscribe the offer, none of the Directors, Key Managerial Personnel (KMPs) of the Company or any relatives of such Director(s) or KMPs, are in any way concerned or interested financially or otherwise in the proposed Resolution.

**Item No. 3 – Migration of Listing of Equity Shares of the Company from SME Platform of BSE Limited to the Main Board of BSE Limited:**

The Company has been listed and traded on the SME Platform for a more than two years and hence eligible to migrate on to the Main Board as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of SEBI ICDR Regulations, 2009. Also listing on the Main Board of BSE Limited will take the Company into a different league altogether with enhanced recognition and increased participation by retail investors. The members are therefore requested to accord their approval for the migration of the Company's present listing from SME Platform of BSE Limited to Main Board of BSE Limited as set out in the resolution.

Pursuant to Section 102 of Companies Act, 2013, the Board or Directors of the Company do and hereby confirm that none of its Directors, Key Managerial Personnel and relatives thereof are interested, financially or otherwise, in the aforesaid resolutions, However accordance with Regulation 106 U (1) of SEBI (ICDR) Regulations, 2009 promoter and promoter group will abstain from Voting in the aforesaid resolution.

By order of the Board of Directors  
For, **Karnavati Finance Limited**

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**Jay Morzaria**  
**Managing Director**  
**DIN: 02338864**

**Date:** March 23, 2017

**Place:** Mumbai

**KARNAVATI FINANCE LIMITED**

**CIN:** L65910MH1984PLC034724



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