

**KARNAVATI  
FINANCE LIMITED  
32<sup>ND</sup> ANNUAL REPORT  
2015-16**

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## Corporate Information

### KARNAVATI FINANCE LIMITED

**CIN:** L65910MH1984PLC034724

Board of Directors	Committees of the Board of Directors
Mr. Jay Morzaria      Managing Director	<b>Audit Committee</b>
Mr. Raman Morzaria      Whole-time Director	Mr. Jay Somaiya
Mr. Jay Somaiya      Independent Director	Ms. Hardika Mandavia
Ms. Hardika Mandavia      Independent Director	Mr. Jay Morzaria
Registered Office	<b>Stakeholders' Relationship Committee</b>
Unit No 2, Sagar Deep Darshan Co Operative Housing Society Limited, S. V. Road, Borivali (West) Mumbai – 400 092 Maharashtra.	Mr. Jay Somaiya
<b>Tel No:</b> +91 – 0288 – 266 3042	Ms. Hardika Mandavia
<b>Fax No:</b> +91 – 0288 – 267 3759	Mr. Jay Morzaria
<b>E-Mail:</b> karnavatifinance@gmail.com	<b>Nomination and Remuneration Committee</b>
<b>Web:</b> <a href="http://www.karnavatifinancelimited.com">www.karnavatifinancelimited.com</a>	Mr. Jay Somaiya
Corporate Office	Ms. Hardika Mandavia
Vraj, 5th Floor, Opp. President Hotel, Near Bhumi Press, Limda Lane, Jamnagar – 361 001, Gujarat.	Mr. Jay Morzaria
Statutory Auditor	Banker
M/s. Maharishi & Co., Chartered Accountants "Aparna", Behind Jivandeep Hospital, Limda Lane, Jamnagar – 361 001. <b>E-Mail ID:</b> info@jainandmaharishi.com	Corporation Bank
	Secretarial Auditors
	Mr. Anand S. Lavingia Practicing Company Secretary 415-416, Pushpam Complex, Opp. Seema Hall, Anandnagar Road, Satellite, Ahmedabad-380051
Registrar and Share Transfer Agent	
Satellite Corporate Services Private Limited B-302, Sony Apartment, Opp. St. Judes High School, Off Andheri Kurla Road, JarimariSakinaka, Mumbai – 400 072 <b>Tel No.:</b> +91-22-2852 0461/462 <b>Fax No.:</b> +91-22- 2851 1809 <b>Email:</b> service@satellitecorporate.com <b>Web:</b> www.satellitecorporate.com	

## Notice to Shareholders

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Members of Karnavati Finance Limited will be held at the Registered Office of the Company situated at Unit No 2, Sagar Deep Darshan Co Operative Housing Society Limited, S.V. Road, Borivali (West), Mumbai, Maharashtra- 400 092 on Friday, September 30, 2016 at 03:00P.M. to transact the following businesses:

### **Ordinary Businesses:-**

1. To receive, consider and adopt audited financial statement of account for the financial year ended on March 31, 2016 and the reports of the Director's and the Auditor's thereon.
2. To appoint a Director in place of Mr. Jay Morzaria (DIN: 02338864), Managing Director of the Company, who retires by rotation and being eligible, seeks re-appointment.
3. Ratification of Appointment of Statutory Auditor and to fix their remuneration.

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142, and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Company hereby ratifies the appointment of M/s. Maharishi & Co., Chartered Accountants (Firm Registration No.124872W) as Statutory Auditors of the Company to hold office from the conclusion of the this Annual General Meeting till the conclusion of the 33<sup>rd</sup> Annual General Meeting to be held in the year 2017, on a remuneration as may be agreed upon by the Board of Directors and the Auditors, apart from out-of-pocket expenses that may be incurred by them for the purpose of audit."

### **Special Businesses:-**

4. **Appointment of Ms. Hardika Mandavia (DIN: 05115162) as Non-Executive Independent Director, designated as Woman Director of the Company.**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Hardika Mandavia (DIN: 05115162), who was appointed as an Additional (Non - Executive Independent) Director of the Company in terms of Section 161 of the Act and whose term of office expires at this Meeting and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Independent Director, be and is hereby appointed as Non-Executive Independent Director, designated Woman Director of the Company to hold office for a term of 5 (five) consecutive years i.e. up to April 12, 2021.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

### **Registered Office**

Unit No. 2, Sagar Deep Darshan Co. Op.  
Housing Society Limited, S. V. Road, Borivali (West)  
Mumbai - 400 092, Maharashtra

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

**Place:** Jamnagar

**Date:** September 5, 2016

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

### **Notes:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business covered under Item No. 4 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"), of the person seeking re-appointment/ appointment as Director under Item Nos. 2 and 4 of the Notice, are also annexed.

**2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself 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, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than 48 (Forty-Eight) Hours before the commencement of the AGM. 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.

3. Members/Proxies should bring their Attendance slip duly completed for attending the meeting. 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 meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. In case of joint holders attending the meeting together, only 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 Saturday, September 24, 2016 to Friday, September 30, 2016 (both days inclusive) and same will be re-opened from Saturday, October 1, 2016 onwards.
7. The route map showing directions to reach the venue of the thirty-second AGM is annexed at the end of this Annual Report and uploaded on the website of the Company.
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 (LODR), 2015, 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 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 updation 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.
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 2015-16 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 2015-16 will also be available on the Company's website viz. [www.karnavatifinancelimited.com](http://www.karnavatifinancelimited.com).
17. The Ministry of Corporate Affairs ('MCA') on May 10, 2012 notified the Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules), which is not applicable to the Company as the Company has not declared any dividend. Further, the Company does not have any unpaid or unclaimed dividend amount outstanding as on the closure of financial year 2015-16. Therefore, the Company is not required to upload the details of Unpaid and unclaimed dividend amounts. Further, during the year, the Company has not transferred any amount to 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. In pursuance of the provisions of Section 108 of the Act and the Rules framed there under, as amended from time to time, the Company is exempted from giving the Members the facility to cast their vote electronically, through the remote e-voting services on the resolutions set forth in this Notice. However, voting through permitted mode under the Companies Act, 2013 will be allowed at the venue of Annual General Meeting.
22. All documents specifically referred to in this Notice and the Explanatory Statement are open 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.
23. The relevant details, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking appointment or re-appointment as Director under Item No. 2 and 4 of the Notice are provided hereunder;

Particulars	Mr. Jay Morzaria	Ms. Hardika Mandavia
<b>Date of Birth</b>	August 14, 1989	February 17, 1989
<b>Date of Appointment at current designation and term</b>	July 1, 2014	April 13, 2016
<b>Educational Qualifications</b>	Post Graduate	Graduate
<b>Expertise in specific functional areas - Job profile and suitability</b>	Mr. Jay R Morzaria is core promoter of the company and has been appointed as Managing Director of the company with the effect from July 01, 2014. 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 around 3 years in the field of finance and construction business.	Ms. Hardika Mandavia is having a expertise in Marketing and is a Commerce Graduate.
<b>Directorships held in other public companies</b>	-	-
<b>Memberships / Chairmanships of committees of public companies**</b>	Member – 2	Member - 2
<b>Inter-se Relationship with other Directors.</b>	Mr. Raman Morzaria is the Father of Mr. Jay Morzaria.	-

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

**Annexure to Notice****Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("The Act")****Item No. 4:**

Pursuant to provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, the Board of Directors of the Company has appointed Ms. Hardika Mandavia as an Additional Director with effect from April 13, 2016. Ms. Hardika Mandavia is a Non-Executive Independent Director, designated as Woman Director on the Board of the Company.

Pursuant to provisions of Section 161 of the Companies Act, 2013, Ms. Hardika Mandavia holds office up to the date of ensuing Annual General Meeting of the Company. A notice has been received from Member along with deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing candidature of Ms. Hardika Mandavia for appointment as a Non-Executive Independent Director of the Company designated as the Woman Director.

Ms. Hardika Mandavia is not disqualified from being appointed as Director in terms of section 164 of the Act and has given her consent to act as a Non-Executive Independent Director of the Company. Section 149 of the Act, inter alia, stipulates the criteria of independence. As per the provisions of the said section, an Independent Director can hold office for a term up to five consecutive years on the Board of a Company and he / she shall not be included in determining the total number of Directors liable to retire by rotation.

The Company has received a declaration from Ms. Hardika Mandavia that she meets criteria of independence as prescribed under section 149 of the Companies Act, 2013. Ms. Hardika Mandavia possesses experience in the field of marketing. Brief resume of Ms. Hardika Mandavia, nature of her expertise in specific functional areas and names of the Companies in which she holds directorships and memberships / chairperson of the Board / Committees and shareholding are provided in Note no. 23 of the Notice.

In the opinion of the Board, Ms. Hardika Mandavia fulfills the conditions specified in the Act and rules made thereunder for appointment as a Non-Executive Independent Director, designated woman Director of the Company.

Keeping in view of her experience and knowledge, the Board considers that her association would be beneficial to the Company and it is desirable to continue to avail the services of Ms. Hardika Mandavia as a Non-Executive Independent Director, designated as Woman Director.

Save and except Ms. Hardika Mandavia and her relatives 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.

**Registered Office**

Unit No. 2, Sagar Deep Darshan Co. Op.  
Housing Society Limited, S. V. Road, Boriwali (West)  
Mumbai – 400 092, Maharashtra

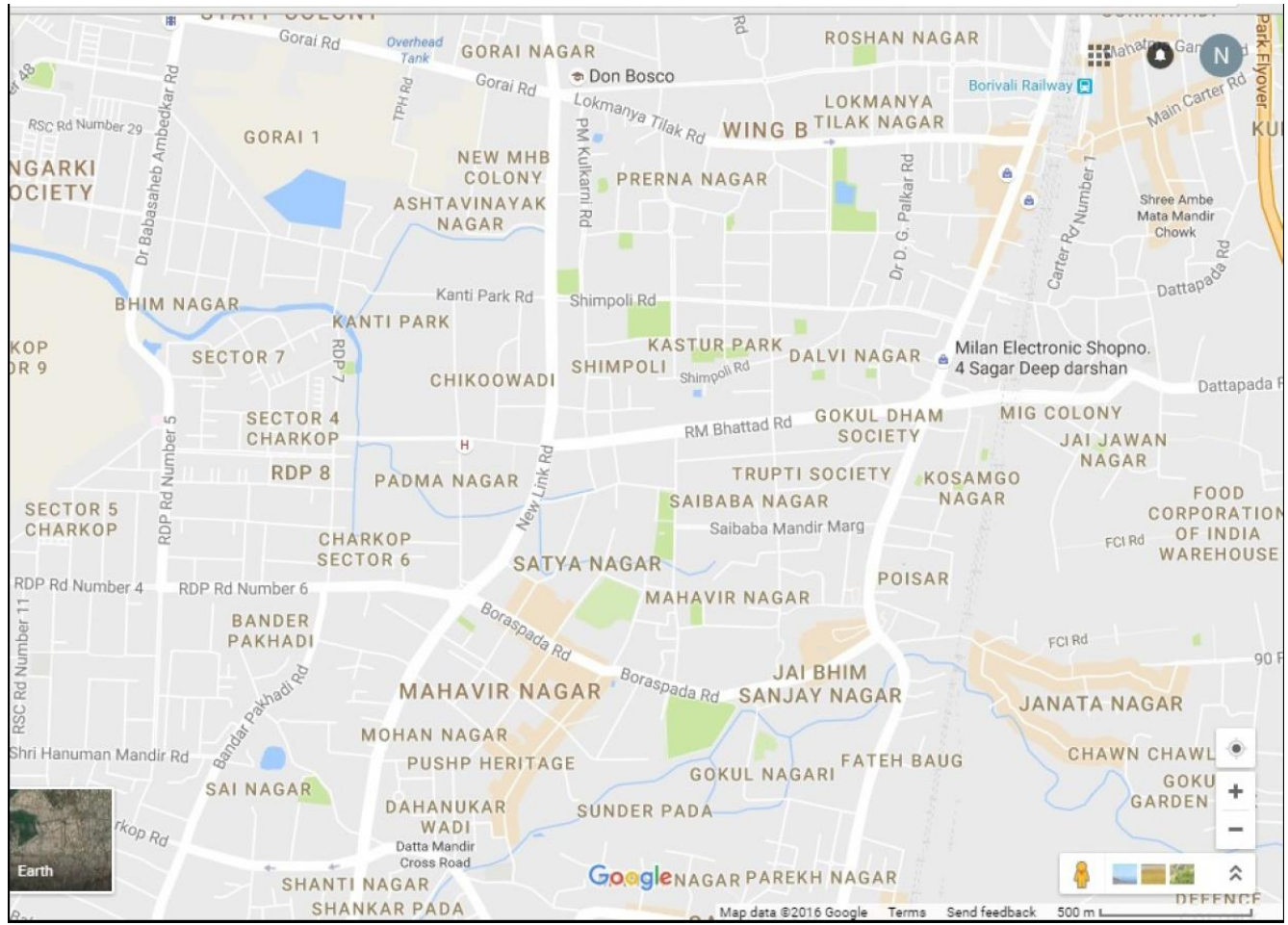
By order of the Board  
For, **Karnavati Finance Limited**

**Place:** Jamnagar

**Date:** September 5, 2016

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

### Route map to the venue of Annual General Meeting





## **DIRECTORS' REPORT**

To,

The Shareholders,

The Directors have the pleasure of presenting the 32<sup>nd</sup> Annual Report of your Company with the Audited Financial Statements of the Company for the year ended March 31, 2016.

### **Financial Results**

(Rs. In lakhs)

<b>Particulars</b>	<b>F.Y. 2015-16</b>	<b>F.Y. 2014-15</b>
Revenue from Operations	44.42	47.58
Other operating Income	19.03	-
<b>Total Revenue</b>	<b>63.45</b>	<b>47.58</b>
Less: Total Expenses	(18.18)	(80.81)
<b>Operating Profits before Exception item, Depreciation, Interest and Tax</b>	<b>45.27</b>	<b>(33.23)</b>
Less: Depreciation	1.58	1.57
Interest	-	-
<b>Profit / (Loss) Before Tax</b>	<b>43.69</b>	<b>(34.80)</b>
Less : Exceptional Items	-	-
Less: Current Tax	11.68	2.72
Less : Deferred Tax Liabilities/ (Assets)	(4.81)	-
<b>Profit / (Loss) after Tax</b>	<b>36.82</b>	<b>(37.52)</b>

### **Review of Business Operation**

During the financial year 2015-16, The Company has earned total income of Rs. 63.45 Lakhs from business activities (Finance Charge) compared to that of Rs. 47.58 Lakhs of previous year which shows growth in Revenue from Operations by 33% over the previous year.

Due to expansion of Business, the overall revenue of the Company was increased. Further, in the financial year 2015-16, due to decrease in the loan losses and other expenses compared to previous year, the performance of the Company was satisfactory during the financial year 2015-16.

During the financial year 2015-16, there were no loans written off and even provision for NPA was reduced by almost 80% compared to that of previous year.

The total Profit before tax for the financial year 2015-16 stood at Rs. 43.69 Lakh compared to loss before tax of Rs. 34.80 Lakh for the financial year 2014-15 making net profit after tax of Rs. 36.82 Lakh for financial year 2015-16 compared to loss after tax of Rs. 37.52 Lakh for the financial year 2014-15.

The Directors of the Company are planning to expand the business of the Company in the current year by providing the varied types of the financial services to the customers and thus confident of presenting the better figures in the coming years.

### **Dividend**

To conserve resources for future prospect and growth of the Company, your Directors regret to declare Dividend for the Financial Year 2015-16 (Previous year - Nil).

### **Net Profit Transfer to Reserve**

The Company has transferred Rs. 7.36 Lakh to Statutory Reserve Fund in terms of Section 45-1C of the Reserve Bank of India Act, 1934. The balance net profit was adjusted against the debit balance of carried forward loss of the Company.

### **Change in Nature of Business**

During the year, your Company has not changed its business or object and continues to be in the same line of business as per main object of the Company.

### **License for Money Changer**

The Company had made application to Reserve Bank of India for issue of license to carry on business for Full Fledge Money Changer. The Reserve Bank of India has considered the application and issued License No. 1916/2016 dated June 1, 2016.

However, the Company has not started the business of Full Fledge Money Changer till date. The Board of Directors is in planning to commence the business in the current year.

### Information of Board of Directors and its Meetings

The Board of Directors of the Company consists of four (4) Directors; one (1) of whom is Promoter - Managing Director, one (1) is Promoter - Whole-time Director and two (2) are Non-Executive Independent Directors.

The composition of Board complies with the requirements of the Companies Act, 2013. Further, in pursuance of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is exempted from requirement of having composition of Board as per Listing Regulations.

The Board of the Company comprises following Directors as on date of this report;

Name of Directors	Category of Directorship	No. of Directorships	No. of Committee <sup>1</sup> Membership/ Chairmanship in Companies	Attendance at the AGM held on 21-09-2015
Mr. Jay Morzaria	Managing Director (Promoter)	4 <sup>^</sup>	Member – 2	Yes
Mr. Raman Morzaria	Whole-time Director (Promoter)	4	-	Yes
Mr. Jay Somaiya	Non-Executive Independent Director	3	Chairman – 2	Yes
Ms. Hardika Mandavia	Non-Executive Independent Director	2	Member – 2	N.A.

<sup>1</sup> Committee includes Audit Committee and Shareholders' Grievances Committee across all Public Companies.

<sup>^</sup> One of the Companies is in process of Striking Off.

### Board Meetings

During the year under review, Board of Directors of the Company met 7 (Seven) times, viz. April 3, 2015, May 30, 2015, August 01, 2015, August 24, 2015, November 10, 2015, February 15, 2016 and March 30, 2016. The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

The details of attendance of each Director at the Board Meeting and Annual General Meeting are given below;

Name of Director	Mr. Jay Morzaria	Mr. Raman Morzaria	Mr. Jay Somaiya	Mr. Kaushal Ruparel
No. of Board Meeting held	7	7	7	7
No. of Board Meeting attended	7	7	5	5
Presence at the previous AGM	Yes	Yes	Yes	Yes

### Independent Directors

In terms of Section 149 of the Companies Act, 2013 ("The Act") and rules made there under, the Company has two Non-Promoter Independent Directors in line with the act. A separate meeting of Independent Directors was held on March 30, 2016 to review the performance of Non-Independent Directors and Board as whole and performance of Chairperson of the Company including assessment of quality, quantity and timeliness of flow of information between Company management and Board. The terms and conditions of appointment of Independent Directors and Code for Independent Director are incorporated on the website of the Company at [www.karnavatifinancelimited.com](http://www.karnavatifinancelimited.com).

The Company has received necessary declaration from each independent director under Section 149 (7) of the act that they meet the criteria of independence laid down in Section 149 (6) of the act.

### Information on Directorate

During the year under review, there was no change in the constitution of the Board of Directors. However, after the closure of financial year 2015-16, Mr. Kaushal Ruparel, Independent Director of the Company has resigned from the board w.e.f. April 13, 2016. The Board of Directors had placed their appreciation to Mr. Kaushal Ruparel for providing his service as director of the Company.

In terms of Section 149 of the act, the Board of Directors in their meeting held on April 13, 2016 has appointed Ms. Hardika Mandavia as an Additional (Non - Executive) Director of the company w.e.f. April 13, 2016. In terms of provisions of Section 161 of the act she holds office up to the date of ensuing Annual General Meeting of the Company. A Notice under Section 160 of the act has been received from member proposing candidature