



KFL Karnavati Finance Limited

CIN : L695910MH1984PLC034724

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 Email ID : karnavatifinance@gmail.com

Date: September 06, 2025

To,
BSE Limited
PhirozeJeejeebhoy Towers,
Dalal Street,
Mumbai — 400001.

Dear Sir/Madam,

Sub.: Submission of copy of 41st Annual Report for the Financial Year 2024-25

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

With reference to the subject cited above, we hereby submit the copy of 41st Annual Report of the company for financial year 2024-25.

Kindly take the same in your records and oblige us.

Thank you.

Yours faithfully,
Thanking You,
For, Karnavati Finance Limited

MORZARI
A JAY R

Digitally signed by
MORZARIA JAY R
Date: 2025.09.06
10:28:57 +05'30'

Jay Morzaria
Managing Director
DIN: 02338864

Registered Office :

Vraj, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Mumbai-400053.

ANNUAL REPORT

2024-25



Karnavati Finance Limited

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CORPORATE INFORMATION

KARNAVATI FINANCE LIMITED (CIN: L65910MH1984PLC034724)

REGISTERED OFFICE

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Andheri, Mumbai - 400 053, Maharashtra, India
Contact No.: +91 (022) 28809111

CORPORATE OFFICE

“Vraj”, 05th Floor, Opp. Hotel President, Near Bhumi Press, Limda Lane, Jamnagar - 361 001, Gujarat, India

Contact No.: +91 (0288) 2663042

E-Mail ID: karnavatifinance@gmail.com
Website: www.karnavatifinancelimited.com

BOARD OF DIRECTORS

Name	(DIN)	Designation
Mr. Ashish Nandkishor Batavia	10181918	Chairman & Non - Executive Director
Mr. Jay Ramanbhai Morzaria	02338864	Managing Director
Mr. Raman Pragjibhai Morzaria	00203310	Whole-Time Director
Mr. Parth Chandreshbhai Maniar	07980886	Non-Executive (Independent) Director
Mrs. Brimda Minoobhai Bilimoria	08196034	Non-Executive (Independent) Director
Mr. Vineshkumar Popatlal Makadia	00362318	Non-Executive Director

KEY MANAGERIAL PERSONNEL

Name	Designation	Name	Designation
Mr. Kush Morzaria	Chief Financial Officer	Mr. Parth Chandreshbhai Maniar	Chairperson
Ms. Akanksha Rai	Company Secretary & Compliance Officer	Mrs. Brimda Minoobhai Bilimoria	Member
		Mr. Jay Ramanbhai Morzaria	Member

AUDIT COMMITTEE

STAKEHOLDER'S RELATIONSHIP COMMITTEE

Name	Designation	Name	Designation
Mr. Parth Chandreshbhai Maniar	Chairperson	Mr. Parth Chandreshbhai Maniar	Chairperson
Mrs. Brimda Minoobhai Bilimoria	Member	Mrs. Brimda Minoobhai Bilimoria	Member
Mr. Jay Ramanbhai Morzaria	Member	Mr. Vineshkumar Popatlal Makadia	Member

NOMINATION & REMUNERATION COMMITTEE

AUDITORS

Statutory Auditor	Internal Auditor	Secretarial Auditor
M/s B. B. Gusani & Associates Chartered Accountants Address: Office No. 215, Manek Centre, P.N. Marg, Jamnagar - 361001, Gujarat. Mail ID: bhargavgusani77@gmail.com Contact No. +91 9428817400	M/S. Suresh Tejwani & Co. Address: 109, 110 City Arcade, Near D.S.P. Bunglow, Tin Batti-361001, Jamnagar-361001, Gujarat. Mail ID: suresh.tejwani@gmail.com Contact No. : 0288 2556368	Mr. Jitendra Parmar and Associates Practicing Company Secretary Address: J - 708, Riverside Park, Opp. APMC Market Lane, Near Vishala Circle, Vasna, Ahmedabad - 380007 Mail ID: csjitendraparmar@gmail.com Contact No. : +91 94085 55517

REGISTRAR & SHARE TRANSFER AGENT

Satellite Corporate Services Private Limited
Office no. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul Sakinaka, Mumbai-400072
E-Mail ID : service@satellitecorporate.com
Contact No. : 022 28520461/462

BANKERS

IDBI Bank
IndusInd Bank
State Bank of India
HDFC Bank
ICICI Bank

NOTICE OF 41st ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the Members of Karnavati Finance Limited will be held on Tuesday, September 30, 2025 at 03:30 P.M. IST through video conferencing (VC)/Other Audio Visual Means (OAVM), to transact the following businesses;

Ordinary Businesses:-

1. To receive, consider and adopt audited financial statement of the Company for the financial year ended on March 31, 2025 and the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Raman Morzaria (DIN: 00203310), Whole-Time Director of the Company, who retires by rotation and being eligible, seek re-appointment.

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

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

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

Special Businesses:-

3. **APPOINTMENT OF M/S. JITENDRA PARMAR AND ASSOCIATES, A PEER REVIEWED FIRM OF PRACTICING COMPANY SECRETARIES, AS SECRETARIAL AUDITOR 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 Section 204 and other applicable provisions, if any, of the Companies Act, 2013, Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), other applicable laws/statutory provisions, if any, as amended from time to time, M/s. Jitendra Parmar and Associates, Practicing Company Secretary (Firm Registration Number S2023GJ903900) be and are hereby appointed as Secretarial Auditors of the Company for term of five consecutive years commencing from financial year 2025-26 till financial year 2029-30, at such fees, plus applicable taxes and other out-of-pocket expenses as may be mutually agreed upon between the Board of Directors of the Company and the Secretarial Auditors."

RESOLVED FURTHER THAT Any Directors & Company Secretary of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the aforesaid resolution."

4. **INCREASING THE BORROWING POWERS UNDER SECTION 180(1)(C) OF THE COMPANIES ACT, 2013 UP TO INR 250 CRORES**

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

"RESOLVED THAT in suppression of the resolution passed by the shareholders of the company in their duly convened Annual General Meeting held on September 29, 2020 authorizing the Board of Directors of the Company to borrow money from banks/financial institutions and pursuant to the provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act, 2013, and the Rules made there under, including any statutory modification(s) thereto or re-enactment(s) thereof, for the time being in force, and in accordance with the Articles of Association of the Company, and subject to such other approvals, consents, sanctions and permissions, as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or sums of money, by way of loans, issuance of bonds, notes, debentures or other securities whether convertible into equity/ preference shares or not, from banks, financial or other institution(s), investors, mutual fund(s), or any other persons including related parties, group companies, business associates etc., whether by way of cash credit, advance or deposits, loans, debentures or bill discounting or otherwise, whether secured or unsecured, as they may deem fit notwithstanding however, that the total borrowings exceed the aggregate of paid-up capital and free reserves of the company, provided however that the aggregate of amounts so borrowed and outstanding at any one time (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of Rupees 250 Crores (Rupees Two Fifty Crores) exclusive of interest.

"RESOLVED FURTHER THAT the Board (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do all such acts, deeds and things and to sign and execute all such deeds, documents and instruments as may be necessary, expedient and incidental thereto to give effect to this resolution.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Andheri, Mumbai - 400053, Maharashtra, India

Place: Mumbai

Date: September 05, 2025

By order of the Board
For, Karnavati Finance Limited

Jay Morzaria
Managing Director
DIN: 02338864

Notes:

1. The Ministry of Corporate Affairs (MCA) vide its general circular number 09/2024 dated September 19, 2024, September 25, 2023, December 08, 2022, May 05, 2022, December 14, 2021 read with circulars dated January 13, 2021, May 05, 2020, April 08, 2020 and April 13, 2020 (collectively referred to as MCA Circulars) and the Securities and Exchange Board of India vide its circulars dated October 07, 2023, January 05, 2023, May 13, 2022 read with January 15, 2021 and May 12, 2020 (collectively referred to as SEBI Circulars) have permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without physical presence of the members at a common venue till 30th September 2025. In compliance with the provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and MCA Circulars, the 41st AGM of the Company is being held through VC / OAVM. The members can attend and participate in the AGM through VC/OAVM.

2. Pursuant to the above referred MCA Circulars, the facility, to appoint a proxy to attend and cast vote, for the members is not available for this AGM. However, the body corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and cast their votes through e-voting.
3. In line with MCA Circulars read with circulars issued by Securities Exchange Board of India (SEBI) vide SEBI/ HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (hereinafter referred to as "SEBI Circular for AGM"), the Notice of 41st AGM along with the Annual Report for FY 2024-25 is being sent only through electronic mode to those members whose email addresses are registered with the Company's Registrar & Share Transfer Agents, M/s. Satellite Corporate Services Private Limited ("RTA") / Depositories. Hard copies shall be sent to those members who shall request for the same. Members may note that the Notice of the 41st AGM along with the Annual Report for FY 2024-25 is also available for download on the website of the Company at www.karnavatifinancelimited.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of NSDL, www.evoting.nsdl.com.
4. Since the AGM is being held through VC / OAVM, physical attendance of shareholders has been dispensed with. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. Pursuant to Section 113 of the Act, Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) attending the meeting through VC / OAVM are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the scrutinizer by email through its registered email address to csjitendraparmar@gmail.com with a copy marked to evoting@nsdl.co.in.
6. As per Regulation 40 of Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition and relogged transfers of securities. Further, SEBI vide its circular no. SEBI/ HO/MIRSD/ RTAMB/CIR/P/2020/236 dated December 2, 2020, had fixed March 31, 2021, as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, mobile/ phone numbers, PAN, mandates, nominations and bank details etc., to their Depository Participants ("DPs") in case shares are held by them in electronic form and to M/s. Satellite Corporate Services Private Limited in Form ISR-1 in case the shares are held by them in physical form. Members can contact the Company or the Company's Registrars and Transfer Agents, M/s. Satellite Corporate Services Private Limited for assistance in this regard.
7. Shareholders desirous of receiving communication from the Company in electronic form may register their email addresses with their respective depository participants. Further, shareholders are also requested to approach their depository participant to register their email address in their demat account details as per the process defined by the respective depository participant. Members, who hold shares in physical form are requested to provide their email addresses to M/s. Satellite Corporate Services Private Limited by sending an e-mail at service@satellitecorporate.com or to the Company at karnavatifinance@gmail.com.
8. As per the provisions of Section 72 of the Act, the facility for making nominations 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 said form can be downloaded from the Company's website www.karnavatifinancelimited.com. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to M/s. Satellite Corporate Services Private Limited, in case the shares are held in physical form. Further, if members desire to opt-out/ cancel the nomination and to record a fresh nomination, are requested to submit Form ISR-3 (in case of shares held in physical form) or SH-14 (in case of shares held in electronic mode).
9. SEBI has mandated listed companies to issue securities in dematerialized form only while processing service requests for the issue of duplicate securities certificates; claims from unclaimed suspense accounts; renewal/ exchange of securities certificates; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; and transmission and transposition. In this regard, members are requested to make requests in Form ISR-4. It may be noted that the service request can be processed only, if the respective folio is KYC Compliant.
10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or M/s. Satellite Corporate Services Private Limited, 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 the requisite changes.
11. In the case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
12. Since the AGM will be held through VC / OAVM, the Route Map does not form part of the Notice. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business at item nos. 3 and 4 above is annexed hereto and forms part of the Notice.
13. Relevant documents referred to in the Notice, Register of Directors / Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Companies Act 2013 and Register of Contracts maintained under Section 189 of the Companies Act 2013 and other relevant registers are open for inspection by the members at the registered office of the Company on all working days during 11:00 AM to 1:00 PM. Members can request the same by sending an email to karnavatifinance@gmail.com till the date of the AGM.
14. Members seeking any information with regard to Financial Statements or any matters to be placed at the AGM, are requested to write to the Company at least 5 days before the date of AGM through email at karnavatifinance@gmail.com. The same will be replied by the Company suitably.
15. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to Satellite Corporate Services Private Limited in case the shares are held in physical form.
16. **VOTING THROUGH ELECTRONIC MEANS:**
 - i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (LODR) Regulations, 2015 (as amended) and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-voting Facility provided by Listed Entities, the Company is providing facility of remote e-voting to its members in respect of the business

to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by NSDL.

- ii. The members, whose names appear in the Register of Members /list of Beneficial Owners as on Tuesday, September 23, 2025 are entitled to vote on the resolutions, set forth in this Notice. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the 'cut-off date' of Tuesday, September 23, 2025. Any person holding shares in physical form and non- individual shareholders, who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut- off date i.e. Tuesday, September 23, 2025 may obtain the login ID and password by sending a request at service@satellitecorporate.com and/ or evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- iii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for Individual shareholders holding securities in demat mode."
- iv. The Board of Directors of the Company have appointed CS Jitendra Parmar, Practising Company Secretary (ICSI M. No. F11336) as the Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.
- v. The Scrutiniser shall, immediately after the conclusion of voting at the Meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting and at the meeting in the presence of at least two witnesses not in the employment of the Company. Scrutiniser shall within 2 working days of conclusion of the meeting submit a consolidated scrutiniser report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing.
- vi. The results along with the Scrutinisers Report shall be placed on the website of the Company and on the website of NSDL and shall be communicated to BSE Limited.

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Saturday, September 27, 2025 at 9:00 A.M. and ends on Monday, September 29, 2025 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The members, whose names appear in the Register of members / Beneficial Owners as on the record date (cut-off date) i.e. Tuesday, September 23, 2025, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Tuesday, September 23, 2025.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:





Step 1: Access to NSDL e-Voting system

- A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https:// eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https:// eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

	<p>NSDL Mobile App is available on</p> <p>   </p> <p>   </p>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System 'Easi Tab' and then use your existing username & password. 2. After successful login, the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by the Company. On clicking the e-Voting option, the user will be able to see the e-Voting page of the e-Voting service provider for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, the option to register is available at CDSL website www.cdslindia.com. They can click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting pages by providing Demat Account Number and PAN No. from an e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email as recorded in the Demat Account. After successful authentication, users will be able to see the e-Voting option where the e-Voting is in progress and also be able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>Users can also login using the login credentials of their demat account through their Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, the users will be able to see the e-Voting option. Upon clicking on the e-Voting option, they will be redirected to the NSDL/CDSL Depository site after successful authentication, wherein they can see the e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and they will be redirected to the e-Voting website of NSDL for casting their vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login Type	Helpdesk Details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue during login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or calling at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue during login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contacting at toll free no. 1800 22 55 33

B) Login method for e-Voting and joining virtual meetings for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to log-in to the NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open a web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can login at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you login to NSDL e-Services after using your login credentials, click on e-Voting and you can proceed to step 2 i.e. cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i. e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For members who hold shares in a demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12*****, then your user ID is IN300***12*****.

b) For members who hold shares in a demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12*****, then your user ID is 12*****
c) For members holding shares in physical form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 136723, then user ID is 136723001***

5. Password details for shareholders other than Individual shareholders are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using the NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

C) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting the check box.

8. Now, you will have to click on the "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join the General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join the General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of the Company for which you wish to cast your vote during the remote e-Voting period and cast your vote during the General Meeting. For joining a virtual meeting, you need to click on the "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to csjitendraparmar@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. 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 download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Mr. Amit Vishal, Senior Manager, NSDL, 022-2499 4360 or email at amitv@nsdl.co.in or Ms. Pallavi Mhatre, Manager, NSDL, 022-2499 4545 or email at pallavid@nsdl.co.in at evoting@nsdl.com.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to karnavatifinance@gmail.com.

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to karnavatifinance@gmail.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is the same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:-

1. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see a link of "VC/OAVM" placed under the "Join meeting" menu against the Company name. You are requested to click on the VC/OAVM link placed under the Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of the Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use the Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at karnavatifinance@gmail.com. The same will be replied by the Company suitably.
6. Members who would like to express their views or ask questions during the meeting may register themselves as a speaker by sending their request from their registered email ID mentioning their name, demat account number/ folio number, PAN, mobile number at karnavatifinance@gmail.com at least 5 days before the date of AGM. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
7. Members can raise questions at the AGM through a chat box and they are requested to frame their questions precisely. Once the Member clicks the link for VC/ OAVM in shareholder/members login where the EVEN of Company will be displayed, Members will be able to view AGM VC/OAVM proceedings along with the chat box. The questions raised by the Members will be replied to by the Company suitably.

Annexure to Notice - Explanatory Statement**Pursuant to Section 102 of the Companies Act, 2013 and Secretarial Standard 2 on General Meetings****Item No. 3**

The Board at its meeting held on September 05, 2025, based on recommendation of the Audit Committee, after evaluating and considering various factors such as industry experience, competency of the audit team, efficiency in conduct of audit, independence, etc., has approved the appointment of M/s. Jitendra Parmar and Associates, Practicing Company Secretary (Firm Registration Number S2023GJ903900), a peer reviewed firm as Secretarial Auditors of the Company for a term of five consecutive years commencing from FY 2025-26 till FY 2029-30, subject to approval of the Members.

The appointment of Secretarial Auditors shall be in terms of the amended Regulation 24A of the SEBI Listing Regulations vide SEBI Notification dated December 12, 2024 and provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

M/s. Jitendra Parmar and Associates is a well-known firm of Practicing Company Secretaries based in Ahmedabad. Renowned for its commitment to quality and precision, the firm has been Peer Reviewed and Quality Reviewed by the Institute of Company Secretaries of India (ICSI), ensuring the highest standards in professional practices.

M/s. Jitendra Parmar and Associates focused on providing comprehensive professional services in corporate law, SEBI regulations, FEMA compliance, and allied fields, delivering strategic solutions to ensure regulatory adherence and operational efficiency. The firm provides its services to various prominent companies and their expertise has earned the trust of industry leaders across sectors like manufacturing, pharmaceuticals and public utilities.

M/s. Jitendra Parmar and Associates has confirmed that the firm is not disqualified and is eligible to be appointed as Secretarial Auditors in terms of Regulation 24A of the SEBI Listing Regulations. The services to be rendered by M/s. Jitendra Parmar and Associates as Secretarial Auditors is within the purview of the said regulation read with SEBI circular no. SEBI/ HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024.

In addition to the secretarial audit, M/s. Jitendra Parmar and Associates shall provide such other services in the nature of certifications and other professional work, as approved by the Board of Directors. The relevant fees will be determined by the Board, as recommended by the Audit Committee in consultation with the Secretarial Auditors.

The Board recommends the Ordinary Resolution as set out in Item No. 3 of this Notice for approval of the Members.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives are concerned or interested, in the Resolution set out in Item No. 3 of this Notice.

Item No. 4

The members of the Company in their duly convened Annual General Meeting held on September 29, 2020 has approved by way of a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rupees 50 Crores (Rupees Fifty Crores).

The Board of Directors of a Company shall not, except with the consent of Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules thereunder.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, as set out at Item No. 4 of the Notice, to enable the Board of Directors to borrow money upto Rs. 250 Crores (Rupees Two Fifty Crores) and inter alia, authorised the Board to secure its borrowing by mortgage / charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, if require so.

The Board recommends the Special Resolution as per the accompanying Notice, for approval by the Shareholders of the Company.

None of the Directors or Key Managerial Personnel and their immediate relatives are concerned or interested, financially or otherwise, except to their shareholding, in the aforesaid resolution.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi
Panchayat Road, Andheri East, Andheri, Mumbai - 400053,
Maharashtra, India

By order of the Board
For, Karnavati Finance Limited

Place: Mumbai
Date: September 05, 2025

Jay Morzaria
Managing Director
DIN: 02338864

DETAILS OF DIRECTOR SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

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

Particulars / Name	Mr. Raman Morzaria
Date of Birth	November 26, 1962
Qualification	S.S.C
Experience - Expertise in specific functional areas - Job profile and suitability	He has an overall experience of 38 years in the field of finance and real estate development and he is driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements. He is on our Board since acquisition and is responsible for strategic planning and administration of our Company. With the best efforts of Mr. Morzaria, KFL reaches to the new heights with the strong market position having a good customer based relationship and a great market reputation among other competitors in the field of Financing.
No. of Shares held	29388810 Equity Shares
Terms & Conditions	No change in existing terms and conditions
Remuneration Last Drawn	Up to Rs. 1,00,000/- per month
Remuneration sought to be paid	No change in existing terms and conditions
Number of Board Meetings attended during the Financial Year 2024-25	6 out of 6
Date of Original Appointment	May 06, 2020
Date of Appointment in current terms	July 01, 2024
Directorships held in other public companies including deemed public companies	--
Memberships / Chairmanships of committees of public companies*	--
Inter-se Relationship with other Directors.	Mr. Raman Morzaria is a Father of Mr. Jay Morzaria (Managing Director of the company) and Mr. Kush Morzaria (Chief Financial Officer of the company)

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi
Panchayat Road, Andheri East, Andheri, Mumbai - 400053,
Maharashtra, India

By order of the Board
For, Karnavati Finance Limited

Place: Mumbai
Date: September 05, 2025

Jay Morzaria
Managing Director
DIN: 02338864

DIRECTOR'S REPORT

To,

The Shareholders,

The directors have the pleasure in presenting 41st Annual Report of Your Company with the Audited Financial Statements of the Company for the financial year ended on March 31, 2025.

FINANCIAL RESULTS

(Amount in Lakhs)

Particulars	F.Y. 2024-25	F.Y. 2023-24
Total Revenues	157.26	304.41
Total Expenditure except Depreciation & Financial Cost	209.91	304.36
Profit before Depreciation, Financial Cost & Tax	(52.65)	0.05
Less: Depreciation and amortization	0.10	0.34
Profit before Finance Cost & Tax	(52.75)	(0.29)
Less: Finance Cost	115.20	157.09
Profit/(Loss) before Exceptional Items and Tax	(167.94)	(157.38)
Less: Exceptional Items	-	-
Profit before Tax	(167.94)	(157.38)
Less: Current Tax	-	9.22
Less: Deferred Tax Liability (Assets)	0.12	0.05
Less: Prior Period Income Tax written off	-	0.16
Profit/(Loss) after Tax	(168.06)	(166.81)

YEAR AT A GLANCE**Financial Performance**

During the financial year 2024-25, The Company has earned total income of Rs. 157.26 Lakhs from business activities as compared to Rs. 304.41 Lakhs in previous year. The total revenue of the company is decreased by 48.34%.

The total Profit / (loss) before tax for the financial year 2024-25 stood at Rs. (167.94) Lakhs and the total net Profit / (loss) after tax for the financial year 2024-25 stood at Rs. (168.06) Lakhs.

Dividend

During the financial year 2024-25, the company has incurred the loss of Rs. (168.06) Lakhs and accordingly due to loss, your Directors regret to declare Dividend for the Financial Year 2024-25 (Previous year - Nil).

Dividend Distribution Policy

Dividend Distribution Policy in terms of regulation 43A of the SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 is available on the website of the Company www.karnavatifinancelimited.com/investors.

Net Profit Transfer to Reserve

The Company has incurred the loss of Rs. (168.06) Lakhs and accordingly due to loss, the company has not transferred the amount as required to transfer to Statutory Reserve Fund in terms of Section 45-1C of the Reserve Bank of India Act, 1934.

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.

Review of Business Operations & Future Prospects

The management has taken various measures to control the No Performing Assets (NPA) and to increase the turnover and profitability and are hopeful, barring unforeseen circumstances, to achieve better results in upcoming years.

SHARE CAPITAL

During the year under review, the company has not issued any shares including equity shares, shares with differential voting rights, stock options, sweat equity etc. The company has not bought back any equity shares during the year 2024-25.

The paid up share capital of the company as on March 31, 2025 was Rs. 10.05 crores.

Dematerialization of Shares

The Company has entered into Tripartite Agreement with the depositories, National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL) for providing Demat facility to its Shareholders. For this purpose, the company has appointed Satellite Corporate Services Private Limited, as its registrar and Share Transfer Agent.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**Constitution of Board**

The Constitution of the Board of Directors and other disclosure of the Board of Directors are given in the Corporate Governance Report.

Board Meeting

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are generally held at registered office of the Company.

During the year under review, Board of Directors of the Company met 06 (Six) times viz., May 28, 2024, June 30, 2024, August 13, 2024, September 05, 2024, November 13, 2024 and February 13, 2025 respectively.

The details of attendance of each Director at the Board Meeting and Annual General Meeting are given in the Corporate Governance Report.

Independent Directors

In terms of Section 149 of the Companies Act, 2013 and rules made there under and as per the Listing Regulations, the Company has two Non-Promoter Independent Directors on the board. In the opinion of the Board of Directors, all two Independent Directors of the Company meet all the criteria mandated by Section 149 of the Companies Act, 2013 and rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are Independent of Management.

A separate meeting of Independent Directors was held on March 28, 2025 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 that is necessary for the board of directors to effectively and reasonably perform their duties.

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.

The Company has received a declaration from the Independent Directors of the Company under Section 149(7) of Companies Act, 2013 and 16(1)(b) of Listing Regulations confirming that they meet criteria of Independence as per relevant provisions of Companies Act, 2013 for financial year 2024-25. The Board of Directors of the Company has taken on record the said declarations and confirmation as submitted by the Independent Directors after undertaking due assessment of the veracity of the same. In the opinion of the Board, they fulfill the conditions as Independent Directors and are independent of the Management. Further, all the Independent Directors have registered themselves with Independent Directors' Data Bank.

None of Independent Directors have resigned during the year.

Information on Directors**Change in Board's composition**

During the year under review, there was no change in Board of Directors of the Company.

Retirement by rotation and subsequent re - appointment

In accordance with the provisions of the Articles of Association and Section 152 of the Companies Act, 2013, Mr. Raman Morzaria - Whole Time Director (DIN: 00203310) of the company retires by rotation at the ensuing annual general meeting. He, being eligible, has offered himself for re-appointment as such and seeks re-appointment. The Board of Directors recommends his appointment on the Board.

Key Managerial Personnel

In accordance with Section 203 of the Companies Act, 2013, the Company has already appointed Mr. Jay Morzaria Managing Director of the Company, Mr. Kush Morzaria as Chief Financial Officer and Ms. Akanksha Rai as Company Secretary and compliance officer of the Company. Further, there was no change in the Key Managerial Personnel of the Company during the financial year 2024-25.

Performance Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the following manners;

- The performance of the board was evaluated by the board, after seeking inputs from all the directors, on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.
- The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

- The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.
- In addition, the chairman was also evaluated on the key aspects of his role.

Separate meeting of independent directors was held to evaluate the performance of non-independent directors, performance of the board as a whole and performance of the chairman, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Director's Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- In preparation of annual accounts for the year ended March 31, 2025, the applicable accounting standards have been followed and that no material departures have been made from the same;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts for the year ended March 31, 2025 on going concern basis.
- The Directors had laid down the internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMMITTEES OF BOARD

The Board of Directors, in line with the requirement of the act and Listing Regulations, has formed various committees, details of which are given hereunder.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholder's Grievance & Relationship Committee

The composition of each of the above Committees, their respective role and responsibility are detailed in the Report of Corporate Governance annexed to this Report.

Audit Committee

The Company has formed audit committee in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As at March 31, 2025, the Audit Committee comprised Mr. Parth Maniar (Non-Executive Independent) as Chairperson and Mrs. Brimda Bilimoria (Non-Executive Independent) and Mr. Jay Morzaria (Executive) as Members. Details on dates of meetings and attendance of Members are detailed in the Report of Corporate Governance annexed to this Report.

Recommendations of Audit Committee, wherever/whenever given, have been accepted by the Board of Directors.

Vigil Mechanism

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company at <http://www.karnavatifinancelimited.com/files/whistleblowerpolicy.pdf>.

Nomination and Remuneration Policy

Nomination and Remuneration Policy in the Company is designed to create a high performance culture. It enables the Company to attract motivated and retained manpower in competitive market, and to harmonize the aspirations of human resources consistent with the goals of the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors and Key Managerial Personnel. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

The Nomination and Remuneration Policy, as adopted by the Board of Directors, is placed on the website of the Company at <http://karnavatifinancelimited.com/files/NRC-Applicable-01.04.2019.pdf> and is annexed to this Report as **Annexure - A**.

Remuneration of Directors

The details of remuneration/sitting fees paid during the financial year 2024-25 to Executive Directors/Directors of the Company is provided in Form MGT-9 and Report on Corporate Governance which are the part of this report.

During the year under review, the non-executive directors of the company had no pecuniary relationship or transaction with the company.

DEPOSITS

The company being Non-Deposit accepting Non-Banking Finance Company has not accepted any deposits from the public. Hence, the directives issued by the Reserve Bank of India & the Provision of Section 73 to 76 of the Company Act, 2013 or any other relevant provisions of the Act and the Rules there under are not applicable. Moreover, the Company is not holding any Deposit as at the financial year ended on March 31, 2025.

PARTICULARS OF CONTRACTS OR ARRANGEMENT MADE WITH RELATED PARTY

All transactions to be entered by the Company with related parties will be in the ordinary course of business and on an arm's length basis. The detail of transaction entered with related parties is annexed to this Report as **Annexure - B**.

Further, there were no related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

Members may refer to the notes to the accounts for details of related party transactions entered as per Indian Accounting Standard - 24. The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the SEBI LODR Regulations.

The Policy on Materiality of and dealing with Related Party Transactions as approved by the Board is uploaded on the Company's website and can be accessed at the Web-link: <http://www.karnavatifinancelimited.com/files/Related-Party-Transaction-Policy.pdf>.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**A. Conservation of energy -**

- i.) **The steps taken or impact on conservation of energy:** Company ensures that the operations are conducted in the manner whereby optimum utilisation and maximum possible savings of energy is achieved.
- ii.) **The steps taken by the Company for utilizing alternate sources of energy:** No alternate source has been adopted.
- iii.) **The capital investment on energy conservation equipment:** No specific investment has been made in reduction in energy consumption.

B. Technology absorption -

- i.) **The effort made towards technology absorption:** Not Applicable.
- ii.) **The benefit derived like product improvement, cost reduction, product development or import substitution:** Not Applicable
- iii.) **in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -**
 - a. **The details of technology imported:** Nil.
 - b. **The year of import:** Not Applicable.
 - c. **Whether the technology has been fully absorbed:** Not Applicable.
 - d. **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof:** Not Applicable.
- iv.) **The expenditure incurred on Research and Development:** Nil

C. Foreign Exchange Earnings & Expenditure:

- i.) **Details of Foreign Exchange Earnings:** Nil
- ii.) **Details of Foreign Exchange Expenditure:** Nil

EXTRACTS OF ANNUAL RETURN

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available at www.karnavatifinancelimited.com.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees, Investments and Security covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

PARTICULAR OF EMPLOYEES

The ratio of the remuneration of each whole-time director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure - C**.

The statement containing top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to members excluding this annexure. In terms of Section 136 of the Act, the said annexure will be available for inspection in electronic form. Any shareholder interested in obtaining a copy of the same may write to Company Secretary.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

During the year under review, the company has appointed M/s. Suresh Tejwani & Co, as an Internal Auditor to look after the internal financial control and their adequacy.

The details on Internal Financial Control and their adequacy are provided in Management Discussion and Analysis Report forming part of Annual Report 2024-25.

MATERIAL CHANGES & COMMITMENTS

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of this report.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDERESSAL) ACT, 2013

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the Company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land where we operate. The Company has setup an Internal Complaints Committee (ICC) for redressal of Complaints.

During the financial year under review, the Company has complied with all the provisions of the POSH Act and the rules framed thereunder. Further details are as follow:

a.	Number of complaints of Sexual Harassment received in the Year	Nil
b.	Number of Complaints disposed off during the year	Nil
c.	Number of cases pending for more than ninety days	Nil

NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

There is no subsidiary, joint venture or associate company as on March 31, 2025 and hence the same is not applicable to the company.

RISK MANAGEMENT POLICY

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company and the same is hosted on the website of the company i.e. www.karnavatifinancelimited.com. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. All the Board of Directors and designated employees have confirmed compliance with the Code.

CORPORATE GOVERNANCE

Your Company strives to incorporate the appropriate standards for corporate governance. As stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Report on Corporate Governance and Certificate of the Practicing Company Secretary with regards to compliance with the conditions of Corporate Governance is annexed to the Board's Report as **Annexure - D**.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of this Annual Report.

MAINTENANCE OF COST RECORD

Since the company is not falling under prescribed class of Companies, our Company is not required to maintain cost record.

STATUTORY AUDITOR & THEIR REPORT

In terms of provisions of section 139 of the companies act, 2013 and companies (Audit and Auditors) Rules, 2014, M/s. B. B. Gusani & Associates, Chartered Accountants were appointed as a statutory auditor of the company in 39th AGM for a period of 5 years till the conclusion of 44th AGM of the company subject to ratification of their appointment at every annual general meeting. However, in terms of provisions of companies Act (Amendments), 2017, the requirement for ratification of the auditors at every annual general meeting has been dispensed with.

The notes on financial statement referred to in the Auditor's Report are self-explanatory and do not call for any further comments. Further the Auditor's Report does not contain any qualification, reservation or adverse remark that requires clarification or justification.

Reporting of frauds by auditors

During the year under review, neither the statutory auditor nor the secretarial auditor has reported to the audit committee, under section 143 (12) of the Companies Act, 2013 any instances of fraud committed against the company by its officers or employees, the details of which would need to be mentioned in the Board's Report.

SECRETARIAL AUDITOR & THEIR REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Jitendra Parmar, Practicing Company Secretary, Ahmedabad to carry out the Secretarial Audit for the financial year ended on March 31, 2025. Secretarial Audit Report is annexed to the Board's Report as **Annexure - E-1**.

Further, as per Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and necessary amendments thereto, every listed entity and its material unlisted subsidiaries incorporated in India is required to submit Annual Secretarial Compliance Report to the concern stock exchange within 60 days from the closure of respective financial year regarding the status of compliances done by the listed entity as prescribed under SEBI (LODR) Regulations, 2015.

For, compliance of Regulation 24A of SEBI (LODR) Regulations, 2015, the company has appointed Mr. Jitendra Parmar, Practicing Company Secretary, Ahmedabad for the purpose of availing Annual Secretarial Compliance Report and submitted the same with BSE Limited and the copy of the same is annexed to the Board's Report as **Annexure - E-2**.

Secretarial Standard

The company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

GENERAL DISCLOSURE

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134(3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 to the extent the transactions took place on those items during the year.

Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details of Annual Report on Corporate Social Responsibility as Company is not falling within the criteria as prescribed u/s 135 of the Companies Act, 2013
2. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme and ESOS.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

MATERNITY BENEFIT:

The Company affirms that it has duly complied with all provisions of the Maternity Benefit Act, 1961, and has extended all statutory benefits to eligible women employees during the year.

PROCEEDINGS INITIATED/PENDING AGAINST YOUR COMPANY UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016:

There are no proceedings initiated / pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the Business of the Company.

DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS:

During the year under review, there has been no one time settlement of loans taken from banks and financial institution.

APPRECIATIONS AND ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record the valuable co-operation and support extended by the banks, government, business associates and the shareholders for their continued confidence reposed in the Company and look forward to having the same support in all future endeavors.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Andheri, Mumbai - 400053, Maharashtra, India

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Mumbai
Date: September 05, 2025

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

NOMINATION & REMUNERATION POLICY

1. Preface:

Pursuant to Section 178 of the Companies Act, 2013 and the Rules framed thereunder (as amended from time to time) (the "Act") and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (the "SEBI Listing Regulations"), the Board of Directors of every listed company is required to constitute the Nomination and Remuneration Committee.

Karnavati Finance Limited ("the Company"), in order to attract motivated and retained manpower in competitive market, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Regulations and Disclosure Requirements) Regulation, 2015 as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated and recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

2. Objective:

In order to comply with the requirements of Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations and any other applicable provisions, the Nomination and Remuneration Committee of the Board of Directors of the Company (the "Committee") had formulated this policy (the "Policy").

The Key Objectives of the Nomination and Remuneration Policy would be:

- A. To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board of Directors of the Company (the "Board"), policies relating to the remuneration (payable in whatever form) of the Directors, Key Managerial Personnel and other employees.
- B. To formulate criteria for evaluation of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- C. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- D. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- E. To devise a Policy on Board Diversity.
- F. To develop a succession plan for the Board and to regularly review the plan.
- G. To determine whether to extend or continue the term of appointment of the Independent Director(s), on the basis of the report of performance evaluation of Independent Directors.

3. Definition:

- a) "Act" means the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time.
- b) "Board" means Board of Directors of the Company.
- c) "Director" means Directors of the Company.
- d) "Committee" means the Nomination and Remuneration Committee of the Company as constituted or re-constituted by the Board.
- e) "Independent Director" means a Director referred to in Section 149(6) of the Companies Act, 2013.
- f) "Key Managerial Personnel" means:
 - i. Executive Chairman or Chief Executive Officer and/or Managing Director;
 - ii. Whole time Director;
 - iii. Chief Financial Officer;
 - iv. Company Secretary;
 - v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi. such other officer as may be prescribed
- g) "Senior Management" shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. Policy on Appointment and removal of Directors, KMPs and Senior Management:

1) Appointment criteria and qualifications:

- i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management and recommend to the Board his / her appointment.
- ii. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- iii. The Company shall not recommend or appoint or continue the employment of any person as the Managing Director, Whole-time director or Manager within the meaning of the Act, who has attained the age of 70 (seventy) years. Provided that the appointment of such a person who has attained the age of 70 (seventy) years shall be made with the approval of the Shareholders by passing a special resolution, based on the explanatory statement annexed to the notice for the Meeting of the Shareholders for such motion indicating the justification for appointment or extension of appointment beyond the age of 70 (seventy) years.

2) Tenure of Employment:

a) Managing Director/Whole-time Director/ Executive Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

b) Independent Director:

- i. An Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of 3 (three) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- iii. At the time of appointment of Independent Director(s) it should be ensured that number of Boards on which such Independent Director serves is restricted to 7 (seven) listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act or the SEBI Listing Regulations.

c) Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular intervals (yearly).

The evaluation of performance of the Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The evaluation of independent directors shall be done by the entire board of directors which shall include -

- (a) performance of the directors; and
- (b) fulfillment of the independence criteria as specified in these regulations and their Independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.

d) Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable law, rules and regulations, thereunder, the Committee may recommend, to the Board with reasons to be recorded in writing, removal of a Director, KMP or Senior Management, subject to the provisions and compliance of the said Act, such other applicable law, rules and regulations.

e) Retirement:

The Directors, KMP and Senior Management shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

5. Policy on remuneration of Director, KMP and Senior Management Personnel:

- i. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the Shareholders of the Company and Central Government, wherever required.
- ii. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act.
- iii. Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director or as laid down as per the provisions of the Act.

1) Remuneration to Whole-time/ Executive/ Managing Director, KMP and Senior Management Personnel;

- i. The Whole-time / Executive / Managing Director / KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including but not limited to, employer's contribution to Provident Fund (P.F.), Superannuation Fund, Pension Scheme, medical expenses, club fees, leave travel allowance, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the Shareholders and Central Government, wherever required.

ii. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time / Executive / Managing Director in accordance with the provisions of Section 197 of the Act and Schedule V to the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

iii. Provisions for excess remuneration:

If any Whole-time / Executive / Managing Director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

2) Remuneration to Non- Executive / Independent Director:**i. Remuneration / Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Act and the Rules made thereunder for the time being in force.

ii. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

iii. Limit of Remuneration/Commission:

Remuneration/ Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

iv. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

6. Membership:

- a) The Committee shall comprise of at least (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.

- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and the SEBI Listing Regulations.
- c) The quorum for the Meeting of the Nomination and Remuneration Committee shall either be two members or one third of the total strength of the Committee, whichever is higher (including at least one independent director in attendance).
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

7. Chairperson:

- a) Chairperson of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the annual general meeting or may nominate some other member to answer the shareholders' queries.

8. Frequency of Meetings:

The Nomination and Remuneration Committee shall meet at least once a year.

9. Committee Members' interests:

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

10. Secretary:

The Company Secretary of the Company shall act as Secretary of the Committee.

11. Duties of the Nomination & Remuneration Committee:

Duties with respect to Nomination:

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Independent Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

Duties with respect to Remuneration:

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to recommend and approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board.

12. Minutes of Committee Meeting:

Proceedings of all Meetings must be minuted and signed by the Chairperson of the Committee at the subsequent Meeting. Minutes of the Committee Meetings will be tabled at the subsequent Board and Committee Meeting.

13. Deviations from this Policy:

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

14. Amendment:

This updated policy shall be effective from April 1, 2019.

Any change in the Policy shall be approved by the Board of Directors or any of its Committees (as may be authorized by the Board of Directors in this regard). The Board of Directors or any of its authorized Committees shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board or its Committee in this respect shall be final and binding. Any subsequent amendment / modification in the Listing Regulations and / or any other laws in this regard shall automatically apply to this Policy.

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FORM NO. AOC 2

Particulars of Contracts/arrangements made with related parties

(Pursuant to section 134(3)(h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Forms for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

- A. Details of Contracts or arrangements or transactions not at arm's length basis: Not Applicable
- B. Details of Contracts or arrangements or transactions at arm's length basis: Details are as stated below:

Particulars	RPT-1	RPT-2
Name(s) of the related party and nature of the relationship	Mr. Jay Morzaria, Managing Director of the company	Mr. Raman Morzaria, Whole-Time Director of the company
Nature of Contracts/ Arrangements/ Transactions	Payment of Interest Amount	Payment of Interest Amount
Duration of the contracts/arrangements/ transactions	F.Y. 2024-25	F.Y. 2024-25
Salient terms of the Contracts or arrangements or transactions including the value, if any	The transactions were entered into between the company and Mr. Jay Morzaria, Managing Director of the company. As per the terms of mutual understating between the board of directors and Mr. Jay Morzaria; the company shall pay monthly Interest at @ 9% on the loan amount given by Mr. Jay Morzaria from time to time till the final repayment of all outstanding dues to him. During the year under review, the Company has paid total Interest of Rs. 22,21,846/- to him.	The transactions were entered into between the company and Mr. Raman Morzaria, Whole-Time Director of the company. As per the terms of mutual understating between board of directors and Mr. Raman Morzaria, Whole-Time Director; the company shall pay monthly Interest at @ 7% on the loan amount given by Mr. Raman Morzaria, Whole-Time Director from time to time till the final repayment of all outstanding dues to him. During the year under review, the Company has paid total Interest of Rs. 85,004 /- to him.
Justification for entering into transactions	The company is engaged in the business of financing, so for smooth functioning of operation of companies business, company requires more funding for further lending the same to its customers and thereby increasing its business activities. So, the company is taking loan from its director in normal course of business activities.	The company is engaged in the business of financing, so for smooth functioning of operation of companies business, company requires more funding for further lending the same to its customers and thereby increasing its business activities. So, the company is taking loan from its director in normal course of business activities.
Date of approval by the board	May 28, 2024	May 28, 2024
Amount paid as advance, if any	N.A.	N.A.
Date on which the resolution was passed in general meeting as required under first proviso to section 188	N.A.	N.A.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Andheri, Mumbai - 400053, Maharashtra, India

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Mumbai
Date: September 05, 2025

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

PARTICULARS OF EMPLOYEES

(Pursuant to section 197 (12) read with Rules made thereunder)

Disclosures pertaining to remuneration and other details as required under Section 197 (12) of the Companies Act, 2013 read with rules made there under.

- a) The ratio of remuneration of each director to the median remuneration of employees for the financial year and the Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration	Percentage Increase
1.	Mr. Jay Morzaria	Managing Director	Remuneration	2.42 : 1.00	-
2.	Mr. Raman Morzaria	Whole-Time Director	Remuneration	2.24 : 1.00	-
3.	Mr. Kush Morzaria	Chief Financial Officer	Salary	-	-
4.	Ms. Akanksha Rai	Company Secretary	Salary	-	-
5.	Mr. Ashish Nandkishor Batavia	Non-Executive Director	Sitting Fees	-	-
6.	Mr. Vineshkumar Popatlal Makadia	Non-Executive Director	Sitting Fees	-	-
7.	Mr. Parth Chandreshbhai Maniar	Independent Director	Sitting Fees	-	-
8.	Mrs. Brimda Minoobhai Bilimoria	Independent Director	Sitting Fees	-	-

None of the Non-Executive Directors of the Company including Independent Directors were paid any kind of remuneration / sitting fees.

- b) The percentage increase in the median remuneration of employees in the financial year: The average median remuneration of employees was decreased by 154.69% over previous year.
- c) The number of permanent employees on the rolls of the company : 08 Employees
- d) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: The Average 10.66% decrease was made in salary of employees whereas remuneration of executive directors were remained unchanged. There was no decrease in the remuneration of Employees as compared to last year, however, the same has been decreased due to resignations of employees.

The board of directors of the company affirmed that remuneration of the entire key managerial personnel of the company is as per the remuneration policy of the company.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Andheri, Mumbai - 400053, Maharashtra, India

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Mumbai
Date: September 05, 2025

Jay Morzaria
Managing Director
DIN: 02338864

Raman Morzaria
Whole-Time Director
DIN: 00203310

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 27 and Para-C of Schedule - V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; report contains the details regarding corporate governance system and mechanism of Karnavati Finance Limited ("the Company").

COMPANY'S POLICY ON CORPORATE GOVERNANCE

The company's policy on corporate governance is based on transparency, accountability and adaptability and ethical corporate citizenship. The company remain committed to uplift and develop its stakeholders and believes that stakeholders i.e. shareholders, suppliers, customers, employees and society are the core and key part of the company and they contribute for development of the company directly or indirectly.

The company has established and developed such policy and taken such action so that it becomes good and standard model of Corporate Governance. In this behalf company follows each and every Regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and other applicable Laws with its letter and spirit.

BOARD OF DIRECTORS

At the helm of the Company's Corporate Governance practice is its Board. The Board provides strategic guidance and independent views to the Company's senior management while discharging its fiduciary responsibilities. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholder's aspirations and societal expectations.

Constitution of Board

The Company has a balanced board with optimum combination of Executive and Non-Executive Directors, including independent Directors, which plays a crucial role in Board processes and provides independent judgment on issues of strategy and performance. As on date of this report, board comprises of 6 (Six) Directors out of which 2 (Two) Directors are Executive Directors, 2 (Two) Directors are Non-Executive Director and remaining 2 (Two) are Non-Executive Independent Directors.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations as amended from time to time. The maximum tenure of the Independent Directors is in compliance with the Companies Act, 2013. All Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations as amended from time to time and Section 149 of the Companies Act, 2013. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company.

None of the Directors is a Director in more than ten Public Limited Companies. Further, none of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees (Committees being, Audit Committee and Stakeholder's Grievance & Relationship Committee) across all the companies in which he/she is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than ten public companies as on March 31, 2025 / date of appointment. None of the Director of the Company is serving as a Whole-Time Director in any Listed Company and is holding position of Independent Director in more than three Listed Company and none of the Director of the Company is holding position as Independent Director in more than seven Listed Company. None of the Directors is Director in more than seven listed companies.

The composition of the Board is in conformity with the Regulation 17 of the SEBI Listing Regulations. As on date of this report, the Board comprised following Directors;

Name of Director	Category Cum Designation	Date of Appointment at current Term	Total Directorship in other Companies-	Total Directorship in other Listed Companies	No. of Committee^		No. of Shares held as on March 31, 2025	Inter-se Relation between Directors
					in which Director is Members	in which Director is Chairman		
Mr. Ashish Batavia	Non-Promoter Chairman Non-executive Director	June 05, 2023	-	-	-	-	-	No Relation
Mr. Jay Morzaria	Promoter Managing Director	July 1, 2024	6	-	2	-	11573500 Equity Shares	Son of Mr. Raman Morzaria
Mr. Raman Morzaria	Promoter Whole-Time Director	July 1, 2024	4	-	-	-	29388810 Equity Shares	Father of Mr. Jay Morzaria
Mr. Vineshkumar Makadia	Non-Promoter Non-Executive Director	January 16, 2021	-	-	-	-	-	No Relation

Mrs. Birmda Bilimoria	Non-Promoter Independent Director	September 01, 2023	-	-	2	-	-	No Relation
Mr. Parth Maniar	Non-Promoter Independent Director	September 01, 2023	-	-	-	2	-	No Relation

^ Committee includes Audit Committee and Shareholders' Grievances Committee across all Public Companies including our Company.

- excluding Section 8 Company, Struck off Company, Amalgamated Company, LLPs and our Company.

None of the Directors of the Company is disqualified for being appointed as Director as specified in Section 164 (2) of the Companies Act, 2013. A Certificate from Mr. Jitendra Parmar, Practicing Company Secretary, Ahmedabad as stipulated under Regulation 34 read with Schedule V of the SEBI LODR Regulations, is attached as an **Annexure - F-1** to this Report.

Relationship between Directors inter-se

None of the above Directors bear inter-se relation with other Director except, Mr. Raman Morzaria and Mr. Jay Marzaria who are father and son.

Board Meeting

Regular meetings of the Board are held at least once in a quarter, inter-alia, to review the quarterly results of the Company. Additional Board meetings are convened, as and when required, to discuss and decide on various business policies, strategies and other businesses. The Board meetings are generally held at registered office of the Company.

During the year under review 06 (Six) Board meetings were held viz. May 28, 2024, June 30, 2024, August 13, 2024, September 05, 2024, November 13, 2024 and February 13, 2025 respectively. 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. Ashish Batavia	Mr. Jay Morzaria	Mr. Raman Morzaria	Mr. Vineshkumar Makadia	Mrs. Brimda Bilimoria	Mr. Parth Maniar
No. of Board Meeting held	6	6	6	6	6	6
No. of Board Meeting eligible to attend	6	6	6	6	6	6
Number of Board Meeting attended	6	6	6	6	6	6
Presence at the previous AGM	Yes	Yes	Yes	Yes	Yes	Yes

During the year under review, the Board of Directors has not passed any resolutions through circulation that are required to be reported under the provisions of companies act, 2013.

Independent Directors

In terms of Section 149 of the Companies Act, 2013 and rules made there under and Listing Regulations, the Company has two Non-Promoter Non-Executive Independent Directors. In the opinion of the Board of Directors, all two Independent Directors of the Company meet all the criteria mandated by Section 149 of the Companies Act, 2013 and rules made there under and Listing Regulations and they are Independent of Management.

A separate meeting of Independent Directors was held on March 28, 2025 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 that is necessary for the board of directors to effectively and reasonably perform their duties.

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.

The Company has received a declaration from the Independent Directors of the Company under Section 149(7) of Companies Act, 2013 and 16(1)(b) of Listing Regulations confirming that they meet criteria of Independence as per relevant provisions of Companies Act, 2013 for financial year 2024-25. The Board of Directors of the Company has taken on record the said declarations and confirmation as submitted by the Independent Directors after undertaking due assessment of the veracity of the same. In the opinion of the Board, they fulfill the conditions for appointment as Independent Directors and are independent of the Management.

None of Independent Directors have resigned during the year.

Training to Board Members - Familiarization Programme

The Board is equipped to perform its role through inputs from various sources from time to time. Directors are fully briefed on all matters concerning the business and operation of the Company, risk assessment and minimization procedures and new initiatives proposed by the Company. The Board members regularly interact with the management in order to obtain any information that they

may require. The company has adopted the Familiarization Programme which is placed on the website of the company at <http://www.karnavatifinancelimited.com/files/Familiarization-Programme-for-Independent-Director.pdf>.

Code of conduct for the Board of Directors and senior management personnel:

In terms of Regulation 17(5) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The compliance of the said code has been affirmed by them annually. The Code of Conduct also includes the duties of Independent Directors. A copy of the Code has been put up on the Company's website and same may be accessed at <http://www.karnavatifinancelimited.com/files/coc.pdf>.

A declaration signed by the Managing Director of the Company is attached with this report.

Key Board qualifications, expertise and attributes

KFL board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the board and its committees. The board members are committed to ensuring that the KFL Board is in compliance with the highest standard of corporate governance.

In the opinion of board and the board governance, Nomination and Remuneration committee, the following is a list of core skills/expertise/competencies required in the context of the company's business and which are available with the board.

Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions.
Gender, ethnic, national, or other diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders
Leadership	Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth
Functional and managerial experience	Knowledge and skills in accounting and finance, business judgment, general management practices and processes, crisis response and management, industry knowledge, macro-economic perspectives, human resources, labour laws, international markets, sales and marketing, and risk management.
Personal values	Personal characteristics matching the Company's values, such as integrity, accountability, and high performance standards.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Corporate governance	Experience in developing and implementing good corporate governance practices, maintaining board and management accountability, managing stakeholders' interests and Company's responsibilities towards customers, employees, suppliers, regulatory bodies and the communities in which it operates.

In terms of the requirement of the Listing Regulations, the Board has identified the core Skills/expertise/competencies of the Directors in the context of the Company's business for effective functioning and as available with the Board. These are as follows

Skills/ expertise/ competencies	Mr. Ashish Batavia	Mr. Jay Morzaria	Mr. Raman Morzaria	Mr. Vineshkumar Makadia	Mr. Parth Maniar	Mrs. Brimda Bilimoria
Financial	Yes	Yes	Yes	Yes	Yes	Yes
Gender, ethnic, national, or other diversity	Yes	Yes	Yes	Yes	Yes	Yes
Leadership	Yes	Yes	Yes	-	Yes	-
Functional and managerial experience	Yes	Yes	Yes	Yes	Yes	Yes
Personal values	Yes	Yes	Yes	Yes	Yes	Yes
Strategy and Planning	Yes	Yes	Yes	Yes	Yes	-
Corporate governance	Yes	Yes	Yes	Yes	Yes	Yes

COMMITTEES OF BOARD

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has 3 (Three) committees i.e. Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee.

All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided in detailed hereunder.

There were no instances during the financial year 2024-25, wherein the Board had not accepted recommendations made by any committee of the Board.

A. Audit Committee

The Company has formed audit committee in line with the provisions Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations for the purpose of assisting the Board in fulfilling its overall responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities.

During the year, the Committee carried out its functions as per the powers and roles given under Regulation 18 read with Part C of Schedule II of SEBI LODR Regulations, 2015 and Companies Act, 2013. The terms of reference of Audit Committee has been revised as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, through circular resolution passed by the Board of Directors on March 30, 2019 which is applicable from April 1, 2019 briefed hereunder;

Role of Committee:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
19. Approval of appointment of CFO (i.e., the Whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Reviewing the Management letters/ letters of Internal Control weaknesses issued by Statutory Auditor;
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
22. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of the provision and
23. The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.

Review of Information by the Committee:

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee and
6. statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).
7. Review and monitor the auditors' independence and performance, and effectiveness of audit process;
8. Examination of the financial statement and auditors' report thereon;
9. Approval or any subsequent modification of transactions of the Company with related parties;
10. Scrutiny of inter-corporate loans and investment;
11. Valuation of undertakings or assets of the Company, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Monitoring the end use of funds raised through public offers and related matters;
14. Any other matters as prescribed by law from time to time.

Powers of Committee:

The Committee-

1. May call for comments of auditors about internal control system, scope of audit, including observations of auditors and review of financial statement before their submission to board;
2. May discuss any related issues with internal and statutory auditors and management of the Company;
3. To investigate into any matter in relation to above items or referred to it by Board;
4. To obtain legal or professional advice from external sources and have full access to information contained in the records of the Company;
5. To seek information from any employee;
6. To secure attendance of outsiders with relevant expertise, if it considers necessary;
7. Any other power as may be delegated to the Committee by way of operation of law.

Composition of Committee, Meeting and Attendance of each Member at Meetings:

Audit Committee meeting is generally held once in quarter for the purpose of recommending the quarterly / half yearly / yearly financial result and the gap between two meetings did not exceed one hundred and twenty days. Additional meeting is held for the purpose of reviewing the specific item included in terms of reference of the Committee. During the year under review, Audit Committee met 4 (Four) times viz. on May 28, 2024; August 13, 2024; November 13, 2024 and February 13, 2025 respectively.

The composition of the Committee during the year and the details of meetings attended by its members are given below:

Name of Members	Category	Designation in Committee	Number of meetings during the financial year 2024-25		
			Held	Eligible to attend	Attended
Mr. Parth Maniar	Independent & Non-Executive Director	Chairperson	4	4	4
Mrs. Brimda Bilimoria	Independent & Non-Executive Director	Member	4	4	4
Mr. Jay Morzaria	Executive Director	Member	4	4	4

The Company Secretary of the Company acts as a Secretary to the Committee. The Constitution of the Audit Committee is in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of the SEBI (LODR) Regulations, 2015.

The Statutory Auditors and Internal Auditors of the Company are invited in the meeting of the Committee wherever requires. Chief Financial Officer of the Company is a regular invitee at the Meeting.

Mr. Parth Maniar, the Chairman of the Committee had attended last Annual General Meeting of the Company held on September 28, 2024.

Recommendations of Audit Committee have been accepted by the Board wherever/whenever given.

B. Shareholder Relationship Committee

The Company has constituted Stakeholder's Grievance & Relationship responsible for the Redressal of Shareholders, Debenture holders and other security holders grievances including non-receipt of Annual reports, non-receipt of declared dividend, Transfer/Transmission/Demat of Securities/Issue of Duplicate Certificates, etc. The Committee also oversees the performance of the Registrar & Transfer agents of the Company relating to the investors' services and recommends measures for improvement.

Terms of Reference:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares;
2. Redressal of shareholder and investor complaints like transfer of Shares, non-receipt of balance sheet, non-receipt of declared dividends etc.,
3. Issue duplicate/split/consolidated share certificates;
4. Allotment and listing of shares;
5. Dematerialization/Rematerialization of Share
6. Review of cases for refusal of transfer / transmission of shares and debentures;
7. Reference to statutory and regulatory authorities regarding investor grievances and to otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
8. Review of measures taken for effective exercise of voting rights by the shareholder.
9. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
10. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / Annual Reports / statutory notices by the shareholders of the company.
11. The chairperson of Stakeholder Relationship Committee is required to be present at the AGM to answer the queries of all the securities holder.
12. Such other matters as may be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

The Committee is also responsible for the Redressal of Shareholders, Debenture holders and other security holders grievances including non-receipt of Annual reports, non-receipt of declared dividend, Transfer/Transmission/Demat of Securities/Issue of Duplicate Certificates, etc. The Committee also oversees the performance of the Registrar & Transfer agents of the Company relating to the investors' services and recommends measures for improvement.

Composition of Committee, Meetings and Attendance of each Member at Meetings:

During the year under review, Stakeholder's Grievance & Relationship Committee met 1 (One) time viz. on September 05, 2024.

The composition of the Committee during the year and the details of meetings attended by its members are given below:

Name of Members	Category	Designation in Committee	Number of meetings during the financial year 2024-25		
			Held	Eligible to attend	Attended
Mr. Parth Maniar	Independent & Non-Executive Director	Chairperson	1	1	1
Mrs. Brimda Bilimoria	Independent & Non-Executive Director	Member	1	1	1
Mr. Jay Morzaria	Executive Director	Member	1	1	1

Name and Designation of Compliance Officer

Ms. Akanksha Rai, Company Secretary of the Company is acting as the Compliance Officer.

Complaints

Number of complaints outstanding as on April 1, 2024	Nil
Number of complaints received from the Investors from April 1, 2024 to March 31, 2025	Nil
Number of complaints solved to the satisfaction of the Investors from April 1, 2024 to March 31, 2025	Nil
Number of complaints pending as on March 31, 2025	Nil

C. Nomination and Remuneration Committee:

The Company has formed Nomination and Remuneration committee in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations. The terms reference of Nomination and Remuneration committee has been revised as per SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, through circular resolution passed by the Board of Directors on March 30, 2019 which is applicable from April 1, 2019 briefed hereunder;

Terms of reference:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the board, all remuneration, in whatever form, payable to senior management.
Explanation: Senior Management means personnel who are members of the core management team excluding BOD comprising all members of management one level below the executive directors, including functional heads.
7. Other terms of reference as prescribed under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Composition of Committee, Meeting and Attendance of each Member at Meetings:

Nomination and Remuneration Committee meeting is generally held at least once in a year. Additional meetings are held for the purpose of recommending appointment/re-appointment of Directors and Key Managerial Personnel and their remuneration. During the year under review, Nomination and Remuneration Committee met 1 (One) time viz. on June 30, 2024.

The composition of the Committee during the year and the details of meetings attended by its members are given below:

Name of Members	Category	Designation in Committee	Number of meetings during the financial year 2024-25		
			Held	Eligible to attend	Attended
Mr. Parth Maniar	Independent & Non-Executive Director	Chairperson	1	1	1
Mrs. Brimda Bilimoria	Independent & Non-Executive Director	Member	1	1	1
Mr. Vineshkumar Makadia	Non- Executive Non Independent Director	Member	1	1	1

Performance Evaluation:

Criteria on which the performance of the Independent Directors shall be evaluated are placed on the website of the Company and may be accessed at link <http://www.karnavatifinancelimited.com/files/performanceevaluationpolicy.pdf>.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

Remuneration of Directors:

The Company has not entered into any pecuniary relationship or transactions with Non-Executive Directors of the Company.

Further, criteria for making payment, if any, to non-executive directors are provided under the Nomination and Remuneration Policy of the Company which is hosted on the website of the Company viz; <http://www.karnavatifinancelimited.com/files/nominationRemunerationPolicy.pdf>.

During the year under review, the Company has paid remuneration to Executive Directors of the Company, details of which are as under;

Sr. No.	Name of Directors	Designation	Component of payment	Remuneration paid (Rs.)	Tenure
1.	Mr. Jay Morzaria	Managing Director	Fixed Salary	3,90,000	5 years - Reappointed as a Managing Director w.e.f. July 1, 2024 for a period of 5 years the same was approved by the members of the company in their meeting held on September 28, 2024
2.	Mr. Raman Morzaria	Whole-Time Director	Fixed Salary	3,60,000	5 years - Reappointed as Whole-Time Director w.e.f. July 1, 2024 for a period of 5 years the same was approved by the members of the company in their meeting held on September 28, 2024

The remuneration of the Directors is decided by the Nomination and Remuneration Committee based on the performance of the Company in accordance with the Nomination and Remuneration Policy within the limit approved by the Board or Members.

Apart from sitting fees, Non-Executive Directors do not receive any other consideration except in their professional capacity. Further, no sitting fees was paid to the Non-Executive Directors for attending Board/Committee Meetings. Sitting Fees paid to Directors does not require the approval of Shareholders and Central Government.

During the year under review, no non-executive directors was paid any Sitting Fees.

GENERAL BODY MEETINGS

Annual General Meetings

Financial Year	Date	Location of Meeting	No. of Special Resolutions passed
2023-24	September 28, 2024 (Friday) at 03.30 P.M.	Meeting was held through Video conferencing and deemed venue of the meeting was Registered office of the company: Vraj Group, 2 nd Floor, Simran Centre, Mogra Village 30H Parsi Panchayat Road, Andheri East, Mumbai - 400053, Maharashtra, India	1. Re-appointment of Mr. Raman Morzaria (DIN: 00203310) as a Whole-Time Director of the company. 2. Re-appointment of Mr. Jay Morzaria (DIN: 02338864) as a Managing Director of the company. 3. Approval and Ratification of Material Related Party Transaction.
2022-23	September 01, 2023 (Friday) at 03.30 P.M.	Meeting was held through Video conferencing and deemed venue of the meeting was Registered office of the company: Vraj Group, 2 nd Floor, Simran Centre, Mogra Village 30H Parsi Panchayat Road, Andheri East, Mumbai - 400053, Maharashtra, India	1. Re-appointment of Mr. Parth Chandreshbhai Maniar (DIN: 07980886) as an Independent director of the company 2. Re-appointment of Mrs. Brimda Minoobhai Bilimoria (DIN: 08196034) as an Independent director of the company
2021-22	September 30, 2022 (Friday) At 12.30 PM	Meeting was held through Video conferencing and deemed venue of the meeting was Registered office of the company: 705, Palm Spring Centre, Above Croma, Near New Infinity Mall, Link Road, Malad (West), Mumbai - 400064, Maharashtra, India	No special resolution was passed.

Passing of Special Resolution through Postal Ballot

The Company has not passed/proposed any Special Resolutions through Postal Ballot during the year under reference. Further, no special resolution is proposed to be conducted through postal ballot.

MEANS OF COMMUNICATION

a. Financial Results

The quarterly, half-yearly and annual results are published in widely circulating national and local dailies such as "The Financial Express" in English and "Lakshadweep" in Marathi language and are displayed on the website of the Company www.karnavatifinancelimited.com.

b. Website

The Company's website www.karnavatifinancelimited.com contains a separate dedicated section namely "Investors" where shareholders information is available. The Annual Report of the Company is also available on the website of the Company www.karnavatifinancelimited.com in a downloadable form.

During the year under review, the Company has not made any presentations to institutional investors or to the analysts. Further, the result of the Company has not been displayed on any official news releases.

General Shareholders Information

Date, Time and Venue of 41st Annual General Meeting

Day and Date: Tuesday, September 30, 2025

Time: 03:30 P.M. IST

Mode of AGM: Through VC/OAVM

Financial Year

12 months period starting from April 01 and ends on March 31 of subsequent year. This being financial year 2024-25 was started on April 01, 2024 and ended on March 31, 2025.

Financial Calendar

(Tentative and subject to change for the financial year 2025-26)

Quarter ending	Release of Results
June 30, 2025	Second week of August, 2025
September 30, 2025	Second week of November, 2025
December 31, 2025	Second week of February, 2026
March 31, 2026	End of May, 2026
Annual General Meeting for the year ending March 31, 2026	End of September, 2026

Dividend Payment Date

During the financial year 2024-25, the company has incurred the loss of Rs. (168.06) Lakhs and accordingly due to loss, your Directors regret to declare Dividend for the Financial Year 2024-25 (Previous year - Nil).

Book closure date

The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, September 24, 2025 to Tuesday, September 30, 2025 (both days inclusive) for the purpose of 41st AGM and same will be re-opened from Wednesday, October 01, 2025 onwards.

Listing on Stock Exchanges

BSE Limited, 25th Floor, P J Towers, Dalal Street, Fort, Mumbai - 400 001, Maharashtra, India.

Listing fees for the financial year 2024-25 has been paid to BSE Limited.

Stock Code/Symbol

BSE Limited (Scrip Code - 538928; Scrip ID - KARNAVATI)

Market Price Data

The monthly high/low and the volumes of the company's shares Traded on stock exchange and the monthly high/low of the said exchanges are as follows:

Month	Karnavati Finance Limited			S & P BSE SENSEX	
	High Price	Low Price	No. of Shares	High Price	Low Price
April, 2024	2.50	2.11	1672476	75124.28	71816.46
May, 2024	2.30	1.95	1307416	76009.68	71866.01
June, 2024	3.10	1.94	3653539	79671.58	70234.43
July, 2024	2.91	2.15	2026358	81908.43	78971.79
August, 2024	2.61	1.92	1433437	82637.03	78295.86
September, 2024	4.08	2.15	7719766	85978.25	80895.05
October, 2024	2.86	2.20	1230456	84648.40	79137.98
November, 2024	2.73	2.11	429358	80569.73	76802.73
December, 2024	2.40	2.10	616008	82317.74	77560.79
January, 2025	2.30	1.96	778567	80072.99	75267.59
February, 2025	2.28	1.79	459826	78735.41	73141.27
March, 2025	2.36	1.65	623520	78741.69	72633.54

Registrar and Transfer Agents**Satellite Corporate Services Private Limited**

Office no. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka, Mumbai-400072, Maharashtra, India

E-Mail ID: service@satellitecorporate.com; Contact No. : 022 28520461/462

Share Transfer System

Transfers in physical form are lodged with the Company/Transfer Agent. The Transfer Agent has complete computerized facility for processing the transfer. After verification of the transfers lodged in physical form, the transfer agent prepares a statement of transfer(s) and accordingly approves the transfer(s). The share certificate(s) duly transferred are sent by the transfer agent to the transferee, which completes the transaction. In case of any complaint from shareholder(s) for delay in transfer, the matter is actively followed up by the Company with the transfer agent and the same is resolved to the satisfaction of the shareholder(s).

Distribution of Shareholding (As on March 31, 2025)

On the basis of number of shares held and as provided by the RTA:

SHARES DISTRIBUTION SCHEDULE AS ON 31/03/2025					
SHARES SLAB	SHAREHOLDERS	%AGE	TOTAL SHARES	AMOUNT (RS.)	%AGE
UPTO - 100	5002	52.13	170534	170534	0.17
101 - 500	2089	21.77	576667	576667	0.57
501 - 1000	918	9.57	767273	767273	0.76
1001 - 2000	581	6.06	876339	876339	0.87
2001 - 3000	254	2.65	653759	653759	0.65
3001 - 4000	109	1.14	391334	391334	0.39
4001 - 5000	136	1.42	644082	644082	0.64
5001 -10000	249	2.6	1914190	1914190	1.91

10001 -20000	129	1.34	1789658	1789658	1.78
20001 -50000	60	0.63	2111103	2111103	2.1
50001 & Above	69	0.72	90605061	90605061	90.15
Total :	9596	100.03	100500000	100500000	99.99

SHARES DISTRIBUTION SCHEDULE AS ON 31/03/2025					
NOMINAL VALUES(RS.)	SHAREHOLDERS	%AGE	TOTAL SHARES	AMOUNT (RS.)	%AGE
UPTO - 5000	9089	94.72	4079988	4079988	4.06
5001 - 10000	249	2.6	1914190	1914190	1.91
10001 - 20000	129	1.34	1789658	1789658	1.78
20001 - 30000	22	0.23	552446	552446	0.55
30001 - 40000	18	0.19	611164	611164	0.61
40001 - 50000	20	0.21	947493	947493	0.94
50001 - 100000	28	0.29	2094363	2094363	2.08
100001 & Above	41	0.43	88510698	88510698	88.07
Total :	9596	100.01	100500000	100500000	100

On the Category of Shareholders:

No. of Shares	Shareholders		Number of Shares held	
	Number	% of Total	Number	% of Total
Resident Individuals	9369	99.1219	27262620	27.13
Corporate Promoter Under Same Management	1	0.0106	239000	0.24
Bodies Corporate	8	0.0846	7970621	7.93
Promoter	2	0.0212	40962310	40.76
Promoter Group (Relatives)	2	0.0212	17728500	17.64
LLP	2	0.0212	4966260	4.94
N.R.I (Repartriable and non-repartriable)	16	0.1693	46439	0.05
Hindu Undivided Family	51	0.5396	1322969	1.32
Firm	1	0.0106	1281	0
Total	9452	100	100500000	100

Dematerialization of shares and Liquidity (as on March 31, 2025)

Mode	No. of Shares	Percentage
Demat		
NSDL	16469653	16.39%
CDSL	81026347	80.62%
Physical	3004000	2.99%

The shares are almost actively traded on BSE Limited. For those shareholders who hold the shares in physical form may contact Depository Participant.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments conversion date and likely impact on equity

The company has not issued any GDRs/ADRS/Warrants or any Convertible instruments till date. Hence, there are no outstanding GDRs/ADRs/Warrants or any convertible instruments.

Plant Location

The company, being engaged in service sector business, does not have any plant or factory.

Address for Correspondence

All enquiries, clarifications and correspondence should be addressed to the Compliance Officer at the following address:

Ms. Akanksha Rai (Company Secretary)

Karnavati Finance Limited

Registered Office: Vraj, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri (East) Mumbai - 400053, Maharashtra, India.

Contact No. +91-022-28809111

E-Mail ID: karnavatifinance@gmail.com

For transfer/dematerialization of shares, change of address of members and other queries:

Satellite Corporate Services Private Limited

Office no. 106 & 107, Dattani Plaza, East West Compound, Andheri Kurla Road, Safedpul, Sakinaka, Mumbai-400072, Maharashtra. Sakinaka, Mumbai - 400072, Maharashtra, India.

E-Mail ID: service@satellitecorporate.com; **Contact No.:** 022 28520461/462

CREDIT RATINGS AND ANY REVISION THERETO:

The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2025. The Company has not obtained any credit rating during the year.

DISCLOSURE

Subsidiary Companies

The Company does not have any subsidiary companies.

Material Related Party Transactions

During the year 2024-25, there was one transaction which materially significant related party transactions which does not have any potential conflict with the interests of the Company at large for which necessary approval of the Members has been obtained. All transactions entered into with Related Parties during the financial year were in the ordinary course of business and on an arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Attention of members is drawn to the disclosure of transactions with the related parties set out in Notes to Accounts - Note No. 27, forming part of the Annual Report.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. The policy is uploaded on the website of the Company <http://www.karnavatifinancelimited.com/files/Related-Party-Transaction-Policy.pdf>.

Further as per Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 (Amendment), the listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosure of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchange and publish the same on its website. The company has duly submitted the details of Related Party Transactions for the year ended on March 31, 2025.

Compliances

Due to internal system errors, the company was unable to submit the shareholding pattern within the prescribed timeline, resulting in a delay of three days. As a result, the company was deemed non-compliant for the quarter ending September 30, 2024, due to the late submission. The Bombay Stock Exchange (BSE) imposed a fine, which was promptly paid by the company within the stipulated timeframe. Other details regarding compliance matters have been comprehensively addressed in the Secretarial Audit Report, Annexure E1, attached to this report.

Risk Management

Business risk evaluation and management is an ongoing process within the Company. During the year under review, the Management reviewed the risk management and minimization procedure adopted by the Company covering the business operations of the Company.

Proceeds from public issues, rights issues, preferential issues etc.

During the year under review, the Company has not raised any proceeds from public issue, right issue, preferential issues, etc.

CEO/ CFO Certification

In terms of Regulation 17(8) read with part B of Schedule II of SEBI LODR Regulations, the Certification by CFO has been obtained and the said certification has been placed before the Board Members of the Company for perusal.

Accounting treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Whistle Blower

The Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethic policy. The said mechanism also provides for adequate safeguards against victimization of director(s)/Employee(s) who avail of the mechanism and also provide for direct access to the

Chairman of the Audit Committee in exceptional cases. The details of establishment of such mechanism have been disclosed in the Board's Report. Further, the Policy on Vigil Mechanism is available on the website of the Company at <http://www.karnavatifinancelimited.com/files/whistleblowerpolicy.pdf>.

Details of Compliance with mandatory requirements and adoption of non-mandatory requirements

The Company has complied with the applicable mandatory requirements as specified under Regulation 15 of SEBI LODR Regulations. The Company has not adopted any non-mandatory requirements.

Total fees paid to Statutory Auditors of the Company

Total fees of Rs. 2,00,000/- (Rupees Two Lakhs only) plus GST for financial year 2024-25, for all services, was paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Disclosure relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment at workplace. The details relating to the number of complaints received and disposed of during the financial year 2024-25 are prescribed under Board's Report forming part of this Annual Report.

Annual Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said annual Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR - 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

Accordingly, the Company has availed the services of Mr. Jitendra Parmar (COP No. 15863), Practicing Company Secretary for providing this certification. The Company is publishing the said annual Secretarial Compliance Report, on voluntary basis and the same has been annexed as **Annexure - E-2** to the Board's Report forming part of this Annual Report.

Compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations

Sr. No.	Particulars	Regulation Number	Compliance status (Yes/No/NA)
1	Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
2	Board composition	17(1), 17(1A) & 17(1C), 17 (1D) & 17(1E)	Yes
3	Meeting of Board of directors	17(2)	Yes
4	Quorum of Board Meeting	17(2A)	Yes
5	Review of Compliance Reports	17(3)	Yes
6	Plans for orderly succession for appointments	17(4)	Yes
7	Code of Conduct	17(5)	Yes
8	Fees/compensation	17(6)	Yes
9	Minimum Information	17(7)	Yes
10	Compliance Certificate	17(8)	Yes
11	Risk Assessment & Management	17(9)	Yes
12	Performance Evaluation of Independent Directors	17(10)	Yes
13	Recommendations of Board	17(11)	Yes
14	Maximum number of Directorship	17A	Yes
15	Composition of Audit Committee	18(1)	Yes
16	Meeting of Audit Committee	18(2)	Yes
17	Role of Audit Committee and information to be reviewed by the Audit Committee	18(3)	Yes

Sr. No.	Particulars	Regulation Number	Compliance status (Yes/No/NA)
18	Composition of nomination & remuneration committee	19(1) & (2)	Yes
19	Quorum of Nomination and Remuneration committee meeting	19(2A)	Yes
20	Meeting of Nomination and Remuneration Committee	19(3A)	Yes
21	Role of Nomination and Remuneration Committee	19(4)	Yes
22	Composition of Stakeholder Relationship Committee	20(1), 20(2) & 20(2A)	Yes
23	Meeting of Stakeholder Relationship Committee	20(3A)	Yes
24	Role of Stakeholder Relationship Committee	20(4)	Yes
25	Composition and role of risk management committee	21(1), (2), (3), (4)	NA
26	Meeting of Risk Management Committee	21(3A)	NA
27	Quorum of Risk Management Committee meeting	21(3B)	NA
28	Gap between the meetings of the Risk Management Committee	21(3C)	NA
29	Vigil Mechanism	22	Yes
30	Policy for related party Transaction	23(1) (1A), (5), (6), (7) & (8)	Yes
31	Prior or Omnibus approval of Audit Committee for all related party transactions	23(2), (3)	Yes
32	Approval for material related party transactions	23(4)	Yes
33	Disclosure of related party transactions on consolidated basis	23(9)	Yes
34	Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
35	Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2), (3), (4), (5) & (6)	NA
36	Alternate Director to Independent Director	25(1)	NA
37	Maximum Tenure	25(2)	NA
38	Appointment, Re-appointment or removal of an Independent Director through Special Resolution or the alternate mechanism	25(2A)	Yes
39	Meeting of independent directors	25(3) & (4)	Yes
40	Familiarization of independent directors	25(7)	Yes
41	Declaration from Independent Directors	25(8) & (9)	Yes
42	Directors and Officers Insurance	25(10)	NA
43	Confirmation with respect to appointment of Independent Directors who resigned from the listed entity	25(11)	Yes
44	Memberships in Committees	26(1)	Yes
45	Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
46	Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
47	Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
48	Approval of the Board and Shareholders for compensation or profit sharing in connection with dealing in the securities of the listed entity	26(6)	Yes
49	Vacancies in respect of Key Managerial Personnel	26A(1) & 26A(2)	Yes

Compliance Certificate of the Auditors

A Certificate from the Auditors of the Company Mr. Jitendra Parmar, Practicing Company Secretary, Ahmedabad confirming the compliance with the conditions of Corporate Governance as stipulated under Clause E of Schedule V of the SEBI LODR Regulations is attached as an **Annexure - F-2** to this Report.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi
Panchayat Road, Andheri East, Andheri, Mumbai - 400053,
Maharashtra, India

For and on behalf of Board of Directors
Karnavati Finance Limited

Place: Mumbai

Date: September 05, 2025

Jay Morzaria
Managing Director
DIN: 02338864

DECLARATION

I, Jay Morzaria, Managing Director of Karnavati Finance Limited hereby declare that as of March 31, 2025, all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company.

Registered Office

Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi
Panchayat Road, Andheri East, Andheri, Mumbai - 400053,
Maharashtra, India

**For and on behalf of Board of Directors
Karnavati Finance Limited**

Place: Mumbai

Date: September 05, 2025

**Jay Morzaria
Managing Director
DIN: 02338864**

SECRETARIAL AUDIT REPORT**Form No. MR-3****For the financial year ended March 31, 2025****[Pursuant to section 204(1) of the Companies Act, 2013 and****Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,

The Members,**KARNAVATI FINANCE LIMITED**Vraj Group, 2nd Floor, Simran Centre, Mogra Village,

30H Parsi Panchayat Road, Andheri East,

Andheri, Mumbai - 400053, Maharashtra

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KARNAVATI FINANCE LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the rules made there under as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars/ guidelines/Amendments issued there under; and
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and circulars/ guidelines/Amendments issued there under;

We have also examined compliance with the applicable clauses of the Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

During the period under review the Company has complied with the provisions of the Act, Rules made there under, Regulations, guidelines etc. mentioned above;

Further, the company being Non Deposit accepting Non-Banking Financial Company (Base Layer NBFC), following are few specific applicable acts, regulations, guidelines and direction to the company.

- i. Reserve Bank of India Act, 1934;
- ii. Master Direction - Know Your Customer (KYC) Direction, 2016;
- iii. KYC & PML Act and Policies framed thereunder;
- iv. Prevention of Money Laundering Act, 2002;
- v. Guidelines on Fair Practice Code for NBFCs;
- vi. Master Circular - Fair Practices Code;
- vii. Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023

I have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances of the aforesaid specific applicable acts, regulations, guidelines and direction to the company. However, the Company has not submitted the credit information in respect of Customers to all four CICs during the year under review. Moreover, the Company has not shared the KYC and other information of Customers to Central KYC Records Registry. Also, the Company has not submitted required DNBS forms with the Reserve Bank of India for the respective financial year i.e. 2024-25.

During the Period under review, provisions of the following Acts, Rules, Regulations and Standards were not applicable to the Company,

- i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - the Company is not registered as Registrar to an Issue & Share Transfer Agent. However, the Company has appointed Satellite Corporate Services Private Limited as Registrar & Share Transfer Agent as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 and circulars/ guidelines/Amendments issued there under;
- iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars/ guidelines/Amendments issued there under;
- iv. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- v. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and circulars/ guidelines/Amendments issued there under;

- vi. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- vii. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 and circulars/ guidelines/Amendments issued there under;
- viii. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 and circulars/ guidelines/Amendments issued there under; and
- ix. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and circulars/ guidelines/Amendments issued there under;
- x. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors / re-appointments of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that -

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Ahmedabad

Date: September 04, 2025

Signature:

Name of Practicing Company Secretary: Jitendra Parmar

FCS No. : 11336

C P No. : 15863

UDIN: F011336G001171814

Note: This Report is to be read with my letter of even date which is annexed as Annexure I the same forms integral part of this report

Annexure I

To,

The Members,

KARNAVATI FINANCE LIMITED

Vraj Group, 2nd Floor, Simran Centre, Mogra Village,

30H Parsi Panchayat Road, Andheri East,

Andheri, Mumbai - 400053, Maharashtra

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis, on the records and documents provided by the Management of the Company, to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis.
5. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad

Date: September 04, 2025

Signature:

Name of Practicing Company Secretary: Jitendra Parmar

FCS No. : 11336

C P No. : 15863

UDIN: F011336G001171814

ANNUAL SECRETARIAL COMPLIANCE REPORT OF KARNAVATI FINANCE LIMITED
for the year ended on March 31, 2025

I, **Jitendra Parmar & Associates**, Company Secretaries, Ahmedabad have examined:

- (a) all the documents and records made available to us and explanation provided by **Karnavati Finance Limited** ("the listed entity"),
 - (b) the filings/ submissions made by the listed entity to the stock exchanges,
 - (c) website of the listed entity,
 - (d) any other document/ filing, as may be relevant, which has been relied upon to make this report,
- for the year ended **March 31, 2025** ("Review Period") in respect of compliance with the provisions of :
- (i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - (ii) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; as amended
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **Not Applicable during the review period**
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not Applicable during the review period**
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **Not Applicable during the review period**
- (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable during the review period**
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **Not Applicable during the review period**
- (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (i) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (j) Securities and Exchange Board of India (Depositories and Participant) Regulation, 2018;

and circular and guidelines issued thereunder; and based on the above examination, We hereby report that, during the Review Period:

- (a) **The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:**

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations Action	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Regulation 31(1)	Non-Compliance of shareholding pattern for the quarter ended September 30, 2024	BSE	Fine	Non-Compliance of shareholding pattern for the quarter ended September 30, 2024.	Rs. 6,000/- + GST	It was observed that the company has filed the shareholding pattern after a delay of three days.	Due to some internal system errors, the company was unable to file the shareholding pattern within the prescribed	-

			(Late Submission)			(Late Submission)			timeline and the same was delayed by three days.	
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- (b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviation Action	Action Taken By	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary in previous reports	Observations made in the secretarial compliance report for the year ended March 31, 2024	Comments of the practicing Company Secretary on the actions taken by the listed entity	Remedial actions, if any, taken by the listed entity	Management Response	Remarks
1.	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	Regulation 23(9)	Non-Compliance with the disclosure of Related Party Transactions on consolidated basis in XBRL mode	BSE	Fine	Non-Compliance with the disclosure of Related Party Transactions on consolidated basis in XBRL mode	Rs. 11,800/-	It was observed that the company has filed the Related Party Transaction in PDF mode along with disclosure of Financial results for the quarter and year ended on March 31, 2023. However as the XBRL submission was made effective from that quarter, the company inadvertently failed to file the same on the same day and filed the respective XBRL submission within three working days.	Observation made in secretarial compliance report for the year ended March 31, 2024	It was observed that the company has filed the Related Party Transaction in PDF mode along with disclosure of Financial results for the quarter and year ended on March 31, 2023. However as the XBRL submission was made effective from that quarter, the company inadvertently failed to file the same on the same day and filed the respective XBRL submission within three working days.	After that, the company has filed statutory returns.	After that, The company has filed the statutory returns within the prescribed timeline.	

- (c) I/we hereby report that, during the review period the compliance status of the listed entity with the following requirements:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations /Remarks by PCS*
1	Secretarial Standards: The compliances of listed entity are in accordance with the applicable Secretarial Standards (SS) issued by Institute of Company Secretaries India (ICSI)	Yes	-
2	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations		

	<p>are adopted with the approval of board of directors of the listed entities</p> <ul style="list-style-type: none"> All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations /circulars/guidelines issued by SEBI 	Yes	-
		Yes	-
3	Maintenance and disclosures on Website: <ul style="list-style-type: none"> The Listed entity is maintaining a functional website Timely dissemination of the documents/ information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website 	Yes Yes Yes	- - -
4	Disqualification of Director: None of the Director(s) of the Company is/are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	-
5	Details related to Subsidiaries of listed entities have been examined w.r.t.: <ul style="list-style-type: none"> (a) Identification of material subsidiary companies (b) Disclosure requirement of material as well as other subsidiaries 	NA NA	The company does not have any subsidiary company.
6	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of Records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	-
7	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	-
8	Related Party Transactions: <ul style="list-style-type: none"> (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained. 	Yes NA	Since, all related party transactions were entered into by the company only with the prior approval of Audit Committee point (b) is not applicable.
9	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	-
10	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	-
11	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/directors/subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/guidelines issued thereunder except as provided under Separate paragraph herein.	Yes	As stated in Annexure - I
12	Resignation of statutory auditor from the listed entity or its material subsidiaries: In case of resignation of statutory auditor from the listed entity or any of its its material subsidiaries during the financial year, the listed entity and/or its material subsidiaries has/have complied with paragraph 6.1 and 6.2 of section V-D of the Chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	NA	During the year under review, there was no resignation of statutory auditor from the listed entity. Further the company has no material subsidiary.

13	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.		No additional non-compliance was observed for any SEBI regulation / circular / guidance note etc. during the year under review.
		Yes	

Assumptions & limitation of scope and review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (LODR) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

**FOR, JITENDRA PARMAR & ASSOCIATES,
COMPANY SECRETARIES
FRN: S2023GJ903900
Peer Review Certificate No.: 3523/2023**

**Sd/-
JITENDRA PARMAR
PROPREITOR
FCS No.: 11336
COP No.: 15863
UDIN: F011336G000484127
Date: 29/05/2025
Place: Ahmedabad**

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
KARNAVATI FINANCE LIMITED
Vraj Group, 2nd Floor, Simran Centre, Mogra Village,
30H Parsi Panchayat Road, Andheri East, Andheri,
Mumbai - 400053, Maharashtra, India

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Karnavati Finance Limited having CIN: L65910MH1984PLC034724 and having registered office at Vraj Group, 2nd Floor, Simran Centre, Mogra Village, 30H Parsi Panchayat Road, Andheri East, Andheri, Mumbai - 400053, Maharashtra, India (hereinafter referred to as "the Company"), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Directors	Director Identification Number	Date of Appointment in the Company*
1.	Mr. Jay Ramanbhai Morzaria	02338864	15/09/2010
2.	Mr. Raman Pragjibhai Morzaria	00203310	29/09/2001
3.	Mrs. Birmda Minoobhai Bilimoria	08196034	13/08/2018
4.	Mr. Parth Chandreshbhai Maniar	07980886	20/09/2018
5.	Mr. Ashish Nandkishor Batavia	10181918	05/06/2023
6.	Mr. Vineshkumar Popatla Makadia	00362318	16/01/2021

* As per website of Ministry of Corporate Affairs.

It shall be noted that ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: September 04, 2025

Place: Ahmedabad

Jitendra Parmar
Practicing Company Secretary
FCS No.: 11336 COP No.: 15863
UDIN: F011336G001171913

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

(Refer Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members,

KARNAVATI FINANCE LIMITED

Vraj Group, 2nd Floor, Simran Centre, Mogra Village,

30H Parsi Panchayat Road, Andheri East, Andheri,

Mumbai - 400053, Maharashtra, India

We have examined all the relevant records of Karnavati Finance Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI (LODR) Regulations, 2015) for the financial year ended March 31, 2025. We have obtained the record available on the website of the stock exchanges and all such other information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

In our opinion and to the best of our information and according to the explanations and information furnished to us and available on the website of the stock exchanges, we certify that the Company has complied with all the mandatory requirements of Corporate Governance as stipulated in Regulations 17 to 27, Regulation 46 and Parts A, B, C and D of Schedule II except Regulations 21, 24, 25(1), 25(6) and 25(10) which were not applicable to the Company. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company not adopted any non-mandatory requirements.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: September 04, 2025

Place: Ahmedabad

Jitendra Parmar
Practicing Company Secretary
FCS No.: 11336 COP No.: 15863
UDIN: F011336G001171990

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**BACKGROUND**

Karnavati Finance Limited (KFL) is a Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI"). The KFL is non-deposit accepting NBFC engaged in financial services. The Company is registered with the Reserve Bank of India (RBI) as a non-deposit accepting NBFC. As per RBI's 'Scale Based Regulations' (SBR), the Company is classified as NBFC-Base Layer (NBFC-BL).

The Company is listed with the Bombay Stock Exchange. The Company is an Investment and Credit Company (ICC) and does not have any other operations of its own. The company mainly engaged in providing finance of personal loan, business loan, auto loan, education loan and mortgage loans.

Macroeconomic Overview

Despite three turbulent years which witnessed a global pandemic, supply chain disruptions, conflict in Ukraine, and elevated interest rates to counter high inflation, India emerged as the fastest growing major economy of the world. Notwithstanding conflicts in Europe and Gaza and rising tensions in West Asia, a global recession that experts thought was imminent has not occurred. Indeed, the key indicators have turned positive: inflation is falling across all major countries; unemployment has not risen as economists thought it would; and the major central banks have put an end to monetary tightening, though they have not yet begun reducing their key interest rates.

The IMF's April 2025 World Economic Outlook projects global inflation to reach 4.3% in 2025 and 3.6% in 2026, following a 5.9% rate in 2024. This steady decline in global prices is also evident in the July 2025, which notes global inflation continues to recede. Core inflation is expected to decrease more gradually, with advanced economies returning to their inflation targets sooner than emerging and developing economies.

The International Monetary Fund (IMF) projects world real GDP growth to be 3.0 percent in 2025 and 3.1 percent in 2026, an upward revision from their earlier April 2025 forecasts. This improved outlook is attributed to factors including a weaker US dollar, better financial conditions, the anticipated lower impact of tariffs, and fiscal expansion in some major economies.

Inflation Outlook

- The Reserve Bank of India (RBI) initially projected headline CPI inflation at 4.0% for FY26 (assuming normal monsoon).
- This was later revised downward:
 - 3.7%, reflecting broader softening in price pressures.
 - Most recently, 3.1%, based on favorable monsoon, ample foodgrain stocks, and easing food prices.
- The RBI has expressed confidence in keeping inflation below its 4% medium-term target through FY26, suggesting space to support growth.
- **Recent data:** July head-line inflation fell to a nearly 15-year low of 1.55%, thanks to steep declines in food prices. However, some forecasters expect inflation to gradually rise above 4% by early FY27 as base effects unwind Reuters.

Growth Forecast

- The RBI's April 2025 MPR forecast real GDP growth at 6.5% for FY26 (down 20 bps from earlier estimates), with quarter-wise growth: Q1 at 6.5%, Q2 at 6.7%, Q3 at 6.6%, and Q4 at 6.3%.
- Analysts foresee a similar growth trajectory aided by monetary easing, rural demand recovery, and rising urban consumption Reuters.

Credit Growth Dynamics

- **Non-food credit growth** slowed materially:
 - 11.2% YoY as of April 18, 2025 – down from 15.3% a year earlier.
 - 12.0% YoY by March 21, 2025.
 - Further cooled to 9.8% in May and around 10.2% by late June 2025.
- Sector-wise trends show broad moderation: credit to agriculture, industry, services, and personal loans all decelerated compared to prior year levels.
- Overall non-food credit growth in FY25 averaged around 11.1-11.2%, down from ~20% in FY24.
- **FY26 projections:**
 - India Ratings & Research (Ind-Ra) anticipates a rebound to 13-13.5%, driven by private capex revival, despite sluggish retail and NBFC lending
- **Challenges:**
 - Persistent softness in NBFC and unsecured retail segments due to asset-quality caution.
 - The HDFC Bank merger continues to weigh on credit growth, with industry-average bank lending around 9.5% in Q1 FY26 while HDFC bank's loan growth lagged at around 6.7%
- The RBI's rate cuts and liquidity support aim to revive credit flow, particularly to MSMEs and consumer segments—critical to broader recovery.

Summary Table

Indicator	FY2025-26 Projection / Update
Headline CPI Inflation	~3.1% (latest); initially 4.0%, then 3.7%

Indicator	FY2025-26 Projection / Update
Growth (Real GDP)	6.5% (with Q-based moderation across FY)
Credit Growth	-9-11% in early FY, projected 13-13.5% overall

Key Risks & Insights:

- **Inflation:** Low levels give policy space, but expectations are for a gradual rise by FY27 as base effects fade.
- **Growth:** Still resilient at 6.5%, though global trade shocks and tariffs pose risks.
- **Credit:** Early slowdown likely to ease with continued monetary support, though rebalancing between sectors will be crucial.

An Industry Overviews (NBFCs):

The NBFC industry in India continued to demonstrate strong growth in FY 2025, recording nearly 20% credit growth, which was significantly higher than the -12% growth reported by scheduled commercial banks. The total assets under management (AUM) of NBFCs (including housing finance companies) stood at an estimated ₹48-52 trillion, and this is expected to cross ₹60 trillion by FY 2026. Importantly, NBFCs now account for about 21% of systemic credit, reflecting their expanding role in India's financial system.

Retail assets remained the backbone of NBFC portfolios, contributing nearly 58% of overall credit as of December 2024. However, the growth momentum moderated, with retail credit CAGR slowing to 16-18% in FY 2025-26, compared to over 23% in the previous fiscal. Segments such as microfinance, personal loans, credit cards, and unsecured business lending experienced some stress, with rising delinquencies. Notably, unsecured loans—once the fastest-growing product—slowed sharply, even though they still accounted for nearly 28% of NBFC retail lending. In contrast, secured lending segments like housing finance, vehicle loans, and affordable housing finance maintained steady double-digit growth.

On the funding side, NBFCs faced challenges due to reduced credit flow from banks. In Q1 FY 2025, for example, bank lending to NBFCs was just ₹7,500 crore, a steep fall from ₹92,000 crore in the same quarter of FY 2024. For the full year, bank loans to NBFCs grew only around 5.7%, with outstanding bank credit to the sector at about ₹16.1 lakh crore. To bridge this gap, NBFCs increasingly tapped the capital markets, raising funds through bonds, securitisation, and other non-bank instruments. This diversification, while positive for resilience, also led to higher borrowing costs, which, along with tighter regulation, compressed profit margins.

Profitability for the sector came under some pressure, with return metrics moderating. Average cost of funds rose by 20-40 basis points compared to the previous year, while return on managed assets (RoMA) fell by 25-45 basis points. Despite this, most NBFCs maintained double-digit returns on equity, underlining the sector's resilience. The key risks during FY 2025 were concentrated in unsecured retail lending, over-leveraged borrowers, and asset-quality pressures in microfinance. Nevertheless, overall non-performing asset (NPA) levels remained below pre-pandemic averages, which provided comfort to regulators and rating agencies.

On the regulatory front, the Reserve Bank of India (RBI) maintained close oversight of the sector through its scale-based regulation (SBR) framework. Rules around loan evergreening, prompt corrective action (PCA), and tighter monitoring of large NBFCs reflected the RBI's focus on systemic stability. These measures, though restrictive in the short term, are seen as strengthening the long-term sustainability of the sector.

A defining feature of FY 2025 was the digital and fintech transformation of NBFCs. Fintech NBFCs disbursed a record 10.9 crore personal loans worth over ₹1 lakh crore during the year, indicating deepening credit penetration in underserved segments. Technology-driven underwriting, AI-based collections, and digital partnerships became mainstream, enhancing efficiency and inclusion. In addition, NBFCs began to diversify into green and sustainable finance, particularly electric vehicle (EV) loans, reflecting both policy priorities and emerging demand.

In summary, FY 2025 marked a year of resilient but cautious growth for NBFCs. While they continued to outpace banks in terms of credit expansion and broadened their systemic role, they also faced funding constraints, margin pressures, and regulatory tightening. The increasing reliance on digital lending, coupled with sectoral diversification into housing, MSME, and green finance, positions NBFCs as a critical driver of India's credit ecosystem going into FY 2026.

The NBFC sector is an important stakeholder of the Indian financial sector. Strengthened regulation and enhanced oversight are in place to further strengthen the resilience of this key sector. Given this, we reiterate what we underscored in the previous year. We believe that NBFCs with superior capital adequacy, better margins, frugal cost and prudent risk management, and those incorporating above four key cornerstones in their business models will continue to deliver sustainable growth in the foreseeable future.

THE COMPANY

Karnavati Finance Limited (KFL) is a Non-Banking Finance Company ("NBFC"), holding a Certificate of Registration from the Reserve Bank of India ("RBI"). The KFL is non-deposit accepting NBFC engaged in financial services. The Company is registered with the Reserve Bank of India (RBI) as a non-deposit accepting NBFC. As per RBI's 'Scale Based Regulations' (SBR), the Company is classified as NBFC- Base Layer (NBFC-BL).

The Company is listed with the Bombay Stock Exchange. The Company is an Investment and Credit Company (ICC) and does not have any other operations of its own. The company mainly engaged in providing finance of

- personal loan,
- business loan,
- auto loan,
- education loan and
- mortgage loans.

FINANCIAL PERFORMANCE

KFL's net income from operations for the financial year ended March 31, 2025 is Rs. 157.23 Lakhs as against Rs. 304.10 Lakhs in the previous year. During the year under review due to increase in non-performing assets and their provisioning requirement, the company has incurred the loss of Rs. 168.06 Lakhs.

RESOURCES AND LIQUIDITY

During the year under review, KFL has not raised any funds from the market by way of allotment of shares/bonds/warrants/debentures, or by raising public deposits etc.

PORTFOLIO

KFL's investment portfolio stood at Rs. 2,132.02 Lakhs as on March 31, 2025. KFL's strategy for its portfolio is to focus on asset quality and asset mix to achieve good returns.

OPPORTUNITIES AND THREATS

The RBI has been continually strengthening the supervisory framework for NBFCs in order to ensure sound and healthy functioning and avoid excessive risk taking. It has issued several new guidelines in the recent past.

The uncertainties and volatility in the financial market are a continuing threat to the organizational performance. However, the twin features of foresightedness and focused analysis of the market have challenged the threat of adverse performance.

OUTLOOK

India continues to be one of the fastest growing economies in the world and this is expected to continue in financial year 2025-26, as per the latest economic survey, finance sector being the key growth sectors of the economy. The Outlook of the Company for the year ahead is to drive profitable growth. Non-Banking Financial Companies are competing with the banks in providing financial services and has been playing a complementary role with other financial institutions in the Indian Economy.

The Management of KFL is concentrating on the core area of investment and finance. Capital market is improving and KFL will explore the opportunities available in the Capital Market and other financial areas. The persistent challenges in the operating environment resulted in higher delinquency levels for the NBFCs.

RISK MANAGEMENT

As in the case of any lending entity, the entire proposition of the Company - providing finance to various segments of the economy is on the fundamentals of managing the risk rather than avoiding it. With proper operational systems in place, the Company successfully manages these risks which also help in achieving the desired outcome, while fixing responsibility and accountability. The Board is responsible for monitoring and reviewing of the risk and taking steps to mitigate the same.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system to commensurate with the size, scale and complexity of its operations and nature to ensure smooth business operation to provide reasonable assurance that all assets are safeguarded and protected from any kind of loss or misuse, transactions are authorized, recorded and reported properly and that all applicable statutes and corporate policies are duly complied with.

SUBSIDIARY COMPANY

As there are no subsidiaries of the company, investment made in subsidiaries is nil.

HUMAN RESOURCES

The Company takes pride in the commitment, competence and dedication of its employees in all areas of the business. The Company is committed to nurturing, enhancing and retaining its top talent through superior learning and organizational development. This is a critical pillar to support the organization's growth and its sustainability in the long run. The Company also has zero tolerance for harassment of women at workplace. The overall industrial relations atmosphere continued to be cordial.

SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

The company operates in only single segment. Hence segment wise performance is not applicable.

CAUTIONARY STATEMENT

This report describing the company's activities, projections about future estimates, assumptions with regard to global economic conditions, government policies, etc. may contain "forward looking statements" based on the information available with the company. Forward-looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the company's operations are affected by the many external and internal factors, which are beyond the control of the management. Hence the company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events. Company follows all Mandatory Accounting Standards.

INDEPENDENT AUDITORS' REPORT**TO MEMBERS OF KARNAVATI FINANCE LIMITED****Report on the Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the accompanying financial statements of **KARNAVATI FINANCE LIMITED** which comprise the Balance Sheet as at **31st March, 2025**, and the Statement of Profit and Loss (Including Other Comprehensive Income) and Cash Flow Statement and the statement of Changes in Equity for the period ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risk of material misstatement of the standalone financial statements. The result of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 statements, 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure A**", a statement on the matter specified in the paragraph 3 and 4 of the Order.
2. As required under provisions of section 143(3) of the Companies Act, 2013, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet and Statement of Profit and Loss including Other Comprehensive Income Statement of Cash Flow and Statement of Changes of Equity dealt with this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Ind AS specified in section 133 of the Act, read with relevant rule issued thereunder.
- e. On the basis of written representations received from the directors as on March 31, 2025, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, referred to our separate report in “Annexure B”.
- g. With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h. With respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its standalone financial statements - Refer Note (vii) of Annexure - A to the standalone financial statements
- (b) The Company did not have any long-term and derivative contracts as at March 31, 2025.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2025.
- (d) The management has;
- (i) represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (d) (i) and (d) (ii) contain any material mis-statement.
- (e) The company has not neither declared nor paid any dividend during the year under Section 123 of the Act.

Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, The Company has used accounting software 'Tally Prime System' for maintaining its books of account which has a feature of recording audit trail facility and the same has not been operated throughout the period for all transactions recorded in the software and the hence we are unable to comment on audit trail feature of the said software.

Date :29th May 2025
Place : Jamnagar

FOR B B Gusani & Associates
(Chartered Accountants)
F. R. No. : 0140875W

Bhargav Gusani
Proprietor
M. No. : 120710
UDIN: 25120710BMHTRW9288

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENT OF KARNAVATI FINANCE LIMITED FOR THE YEAR ENDED 31ST MARCH 2025

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- (i) **Property, Plant & Equipment and Intangible Assets:**
- The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - The Company does not have any intangible assets and therefore, the maintenance of records for such assets is not applicable.
 - Property, Plant and Equipment have been physically verified by the management at reasonable intervals; any material discrepancies were noticed on such verification and if so, the same have been properly dealt with in the books of account.
 - According to the information and explanation given to us the title deeds of all the immovable properties. (Other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.
 - The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - No proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) **Inventory and working capital:**
- The Company did not have any inventory during the year. Therefore, the physical verification of inventory and related procedures were not applicable.
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets.
- (iii) **Investments, any guarantee or security or advances or loans given:**
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.
 - The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year.
 - In our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;
 - In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
 - In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
 - No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
 - The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(6) is not applicable.
- (iv) **Loan to directors:**
- According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.
- (v) **Deposits:**
- The company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any relevant provisions of the 2013 act and the rules framed there under to the extent notified.
- (vi) **Maintenance of Cost Records:**
- According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products manufactured by it (and/ or services provided by it). Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) **Statutory Dues:**
- The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, GST, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, undisputed amounts payable in respect of income tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.03.25 for a period of more than six months from the date they became payable are as follows:

Name of Statute	Nature of Dues	Period	Amount in Rs. (Lakhs)
Income Tax Act 1961	Tax Deducted at Source	2024-25	0.28
Income Tax Act 1961	Tax Deducted at Source	2015-16	0.005
Income Tax Act 1961	Tax Deducted at Source	2017-18	0.0002
Income Tax Act 1961	Tax Deducted at Source	2020-21	0.002
Income Tax Act 1961	Tax Deducted at Source	2021-22	0.009

- According to the information and explanations given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, GST, excise duty and cess which have not been deposited on account of any dispute.

Name of Statute	Nature of Dues	Financial Year	Amount (Rs. in Lakhs)
Income Tax Act 1961	Income Tax	2020-21	Demand: 0.86 Interest: 0.41

(viii) **Disclosure of Undisclosed Transactions:**

- a) There According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) **Loans or Other Borrowings:**

- a) Based on our audit procedures and according to the information and explanations given to us, The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) **Money Raised by IPOs, FPOs:**

- a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi) **Fraud:**

- a) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report), while determining the nature, timing and extent of our audit procedures.

(xii) **Nidhi Company:**

- a) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) **Related Party Transactions:**

- a) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) **Internal Audit System:**

- a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) **Non-cash Transactions:**

- a) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) **Registration under section 45-IA of RBI Act, 1934:**

- a) In our opinion, the company is Non-Banking Finance Company registered under section 45-IA of the Reserve Bank of India Act, 1934 vide certificate of registration no. 13.00064 dated February 24, 1998.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) **Cash losses:**

- a) The Company has incurred a cash loss of 167.96 Lakhs during the financial year covered by our audit and a cash loss of 167.15 Lakhs during the immediately preceding financial year

(xviii) **Resignation of statutory auditors:**

- a) There has been no resignation of the statutory auditors of the Company during the year.

(xix) **Material uncertainty on meeting liabilities:**

- a) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)

Compliance of CSR:

- a) According to the information and explanations given to us and based on our examination of the records of the company, the company has not required to spent amount towards Corporate Social Responsibility (CSR) as per the section 135 of companies' act, 2013, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

Date : 29th May 2025
Place : Jamnagar

FOR B B Gusani & Associates
(Chartered Accountants)
F. R. No. : 0140875W

Bhargav Gusani
Proprietor
M. No. : 120710
UDIN: 25120710BMHTRW9288

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENT OF KARNAVATI FINANCE LIMITED FOR THE YEAR ENDED 31ST MARCH 2025**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')****Opinion**

We have audited the internal financial control with reference to financial statement of **KARNAVATI FINANCE LIMITED** (“The Company”) as of 31st March 2025 in conjunction with our audit of the financial statement of the company at and for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) issued by the Institute of Chartered Accountants of India (the ‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility for the Audit of Internal Financial Controls with Reference to Financial Statements

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Date : 29th May 2025
Place : Jamnagar

FOR B B Gusani & Associates
(Chartered Accountants)
F. R. No. : 0140875W

Bhargav Gusani
Proprietor
M. No. : 120710
UDIN: 25120710BMHTRW9288

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724
BALANCESHEET AS AT MARCH 31, 2025

(Amount in Lakhs)

Particulars		Note No.	AS AT 31 March 2025		AS AT 31st MARCH 2024	
1		2	3	4	5	6
I	ASSETS					
1	Financial Assets					
A	Cash and cash equivalents	3		1.96		14.30
B	Bank Balances other than cash and cash equivalents	4				
C	Receivables	5				
	(i) Trade receivables					
	(ii) Other receivables					
D	Loans	6		2,132.02		2830.63
E	Investments					
F	Other Financial assets	7		15.20		9.56
2	Non-Financial Assets					
A	Inventories	8				1.88
B	Current tax assets (net)					
C	Deffered tax assets (net)			0.86		0.98
D	Property, plant and equipment	9		0.55		0.56
E	Intangible assets					
F	Other non - financial assets	10		10.60		15.20
	TOTAL			2,161.19		2,873.11
II	LIABILITIES AND EQUITY					
1	Liabilities					
A	Financial liabilities	11				
A	Payables					
	(I) Trade payables					
	(i) Total Outstanding dues of micro enterprises and small enterprises					
	(ii) Total Outstanding dues of creditor other than micro enterprises and small enterprises		17.22	17.22	106.36	106.36
	(II) Other payables					
	(i) Total Outstanding dues of micro enterprises and small enterprises					
	(ii) Total Outstanding dues of creditor other than micro enterprises and small enterprises					
B	Debt Securities					
C	Borrowings (other than debt securities)	12		1,109.46		1,554.61
D	Deposits					
E	Subordinate debts					
F	Other Financial Liabilities	13		2.62		

B	Non - financial liabilities					
		Current tax liabilities (net)				
		Provisions	14		9.19	16.92
		Other non - financial liabilities	15			4.46
2	Equity					
	A	Equity Share Capital	16	1,005.00		1,005.00
	B	Other Equity	17	17.71	1,022.71	185.77
		TOTAL			2,161.19	2,873.11

The Schedules referred to herein above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For B. B. Gusani & Associates [FRN: 0140875W]
Chartered Accountants

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Bhargav Gusani
Proprietor
[M. No. 120710]
UDIN: 25120710BMHTRW9288
Date : May 29, 2025
Place: Jamnagar

Akanksha Rai
Company Secretary
PAN: BFZPR9132P
Date: May 29, 2024
Place: Mumbai

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E
Date : May 29, 2025
Place: Mumbai

Raman P Morzaria
Whole Time Director
DIN: 00203310
Date : May 29, 2025
Place: Mumbai

Jay R Morzaria
Managing Director
DIN: 02338864
Date : May 29, 2025
Place: Mumbai

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724
PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2025

(Amount in Lakhs)

	Particulars	Refer Note No.	For the year ended 31st March 2025	For the year ended 31st March 2024
	Revenue From Operations			
A	Interest Income	18	155.35	304.10
B	Fees and commission income			
C	Net gain on Fair Value Changes			
D	Sale of Services			
E	Sale of Products(including Excise Duty)		1.88	
I.	Total Income From Operations		157.23	304.10
II.	Other income		0.03	0.30
III.	Total Revenue (I + II)		157.26	304.41
	Expenses:			
A	Finance costs	19	115.20	157.09
B	Fees and commission Expenses			-
C	Net Loss on Fair Value Changes			-
D	Purchases of Stock-in-Trade	20		-
E	Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	1.88	(0.03)
F	Employee benefits expense	22	17.95	71.22
G	Depreciation and amortization expense	23	0.10	0.34
H	Other expenses	24	190.07	233.16
IV.	Total expenses		325.20	461.78
V.	Profit before exceptional and extraordinary items and tax (III-IV)		(167.94)	(157.38)
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		(167.94)	(157.38)
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII- VIII)		(167.94)	(157.38)
X	Tax expense:			
	(1) Current tax			9.22
	(2) Deferred tax		0.12	0.05
	(3) Prior Period Income Tax written off			0.16
XI	Profit (Loss) for the period from continuing operations (VII-VIII)		(168.06)	(166.81)
	Profit/(loss) from discontinuing operations		-	-
	Tax expense of discontinuing operations		-	-
XII	Profit/(loss) from Discontinuing operations (after tax)		-	-
XIII	Profit (Loss) for the period (XI + XII)		(168.06)	(166.81)
	Other Comprehensive Income			
(A)	(i) Items that will not be reclassified to profit or loss		-	-

		(ii) Income Tax on items that will not be reclassified to profit or loss		-	-
		Subtotal (A)		-	-
	(B)	(i) Items that will be reclassified to profit or loss		-	-
		(ii) Income Tax on items that will be reclassified to profit or loss		-	-
		Subtotal (B)		-	-
XIV		Other Comprehensive Income (A+B)		-	-
XV		Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit and Loss and Other Comprehensive Income For the period)		(168.06)	(166.81)
XVI		Earnings per equity share:			
		(1) Basic		(0.17)	(1.66)
		(2) Diluted		(0.17)	(1.66)

The Schedules referred to herein above form an integral part of the Profit & Loss Account.

This is the Statement of Profit & Loss Account referred to in our report of even date.

For B. B. Gusani & Associates [FRN: 0140875W]
Chartered Accountants

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Bhargav Gusani
Proprietor
[M. No. 120710]
UDIN: 25120710BMHTRW9288
Date : May 29, 2025
Place: Jamnagar

Akanksha Rai
Company Secretary
PAN: BFZPR9132P
Date: May 29, 2025
Place: Mumbai

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E
Date : May 29, 2025
Place: Mumbai

Raman P Morzaria
Whole Time Director
DIN: 00203310
Date : May 29, 2025
Place: Mumbai

Jay R Morzaria
Managing Director
DIN: 02338864
Date : May 29, 2025
Place: Mumbai

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31ST MARCH 2025

(Amount in Lakhs)

PARTICULAR	For the year ended 31 st March 2025	For the year ended 31 st March 2024
A. Cash Flow from Operating Activities		
Net Profit Before Taxation	(167.94)	(157.38)
<u>Adjustment For :</u>		
Audit Fees		-
Depreciation	0.10	0.34
Reversal of NPA Provision		-
Written Off		-
NPA Provision	174.52	209.43
General Provision on Standard Assets		(0.42)
Finance Cost	115.20	157.09
Operating Profit before change in Working Capital	121.87	209.06
Movement in Working Capital		
Decrease/-Increase in Loan Advance	524.02	(505.23)
Decrease/-Increase in Inventory	1.88	(0.03)
Decrease/-Increase in Trade Receivable		-
Decrease/-Increase in other Current Assets	(1.04)	3.30
Decrease/-Increase in Current Liabilities	(89.15)	31.65
Decrease/-Increase in Other Current Liabilities	(4.46)	(1.11)
Decrease/-Increase in Provision	(5.11)	
Movement in Working Capital	426.15	(471.42)
Net Cash Generation From Operation	548.01	(262.36)
Direct Tax Paid		(17.07)
Net Cash From Operating Activities	548.01	(279.43)
Cash Flow From Investing Activates		
Purchase/Sale of Fixed Assets		-
Net Cash Flow from Investing Activates		-
Cash Flow from Financial Activities		
-Decrease/Increase in Long Term Borrowings	(445.14)	282.00
Decrease/-Increase in Long Term Advances		-
Finance Cost	(115.20)	(157.09)
Issue of Share Capital		-
Net Cash From Financial Activities	(560.34)	124.92
Net Increase/Decrease in Cash & Cash Equivalent	(12.34)	(154.52)
Cash at the Beginning of Year	14.30	168.82
Cash at the End of Year	1.96	14.30
This is the Cash Flow Statement referred to in our report of even date.		

For B. B. Gusani & Associates [FRN: 0140875W]
Chartered Accountants

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Bhargav Gusani
Proprietor
[M. No. 120710]
UDIN: 25120710BMHTRW9288
Date : May 29, 2025
Place: Jamnagar

Akanksha Rai
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Raman P Morzaria
Whole Time Director
DIN: 00203310
Date : May 29, 2025
Place: Mumbai

Jay R Morzaria
Managing Director
DIN: 02338864
Date : May 29, 2025
Place: Mumbai

KARNAVATI FINANCE LIMITED
CIN NO. L65910MH1984PLC034724
STATEMENT OF CHANGES IN EQUITY AS ON 31ST MARCH, 2025

Equity Share Capital

Equity Shares of Rs. 1/- each issued, subscribed and fully paid up

Particulars	Number of Shares	Amount
Equity Shares of Re. 1 each issued subscribed and fully paid up as at March 31,2023	1,005.00	1,005.00
Issue of shares during the year		
Equity Shares have been subdivided to face Value of Re. 1 from Face Value of Rs. 10 on 24th February 2023		
Equity Shares of Re. 1 each issued subscribed and fully paid up as at March 31,2024	1,005.00	1,005.00
Issue of shares during the year 2024-25		
Equity Shares of Re. 1 each issued subscribed and fully paid up as at March 31, 2025	1,005.00	1,005.00

Other Equity

Particulars	Reserves and Surplus				Other Comprehensive Income	Total Other Equity
	Securities premium	Retained Earnings	General Reserve	Reserve fund as per RBI Act		
Balance as at 31st March 2023	101.40	195.44	0.15	55.59	-	352.58
Changes in accounting policy/ prior period errors	-	-	-	-	-	-
Restated Balance at the beginning of the reporting period	-	-	-	-	-	-
Profit after tax	-	(166.81)	-	-	-	(166.81)
Other Comprehensive Income (Net of tax)	-	-	-	-	-	-
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act,1934	-	-	-	-	-	-
Any other changes (to be specified)	-	-	-	-	-	-
Balance as at 31st March 2024	101.40	28.63	0.15	55.59	-	185.77
Changes in accounting policy/ prior period errors						
Restated Balance at the beginning of the reporting period						
Profit after tax		(168.06)				
Other Comprehensive Income (Net of tax)						
Transfer to reserve fund in terms of section 45-IC(1) of the RBI Act,1934						
Any other changes (to be specified)						
Balance as at 31st March 2025	101.40	(139.43)	0.15	55.59	-	17.71

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. **NOTES TO ACCOUNTS****Corporate Information**

Karnavati Finance Limited, incorporated on 05-12-1984 is a Non banking Finance Company registered with Reserve Bank of India engaged in business of financing. The company has its registered office at Vraj Group, 2nd Floor, Simran Centre, Mogra Village 30H Parsi Panchayat Road, Andheri (East) Mumbai-400053, Maharashtra and Its Administrative & Corporate Office at "Vraj" 5th Floor, Near Teen Batti, Limda Lane, Jamnagar - 361001

The Company is Non - deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 24th February 1998, with Registration No. A-13.00064. RBI, vide the circular - 'Harmonization of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonization of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC - Investment and Credit Company (NBFC-ICC).

The Company has initiated the process of obtaining confirmation from suppliers who have registered under the Micro, Small and Medium enterprise development Act, 2006 (MSMED Act, 2006) based on the information available with the Company. No Interest has been paid under MSMED Act, 2006 during the year.

The disclosures required in terms of paragraph 18 of the Non-Banking Financial Company - Non Systematically Important Non - Deposit taking (Reserve Bank) Directions, 2016 are given in the Annexure forming part of these Financial Statements

2. **BASIS OF PREPARATION**

The financial statements of the company have been prepared in accordance with the Indian Accounting Standards (IND - AS) as per Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction - Non-Banking Financial Company - Non Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties.

For all periods up to and including the year ended 31 March 2025, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2024 are prepared in accordance with IND - AS.

Further the company follows prudential norms for Income Recognition, asset classification and provisioning for Non-performing assets as well as contingency provision for standard assets as prescribed by the Reserve Bank of India (RBI) for Non - Banking Financial Companies.

2.1.

a. **IND AS - 1 Presentation of Financial Statement :-**

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based.

b. **IND AS - 10 Events After the Reporting Period:-**

Effects of, events occurred after Reporting Period and having material effect on financial statements are reflected in the accounts at appropriate places.

c. **IND AS - 8 Accounting Policies, Changes in Accounting Estimates & Errors:-**

Material items of prior period, non-recurring and extra ordinary items are shown separately, If any.

d. **IND AS - 115 Revenue from contract with customer :-****Interest income**

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. The Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest) levied on customers for delay in repayments/nonpayment of contractual cash flows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with

customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.

Expenditures

Finance costs

Borrowing costs on financial liabilities are recognised using the EIR.

Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

e. IND AS - 109 Financial Instruments :-

(A) Financial Assets

I. Initial recognition and measurement

All financial assets are recognised initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

II. Subsequent Measurement

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

a) Financial Assets measured at amortised cost

A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial Assets measured at fair value through profit or loss (FVTPL)

A financial assets which is not classified in any of the above categories are measured at FVTPL.

(B) Financial liabilities

a) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

b) Subsequent Measurement

Financial Liabilities are subsequently carried at amortized cost using the effective interest method.

(C) Derecognition of Financial assets and Financial liabilities

a) Financial Assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(D) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously in all the following circumstances:

- a) The Normal Course of business
- b) The Event of Default

- c) The Event of insolvency or bankruptcy of the company and/or its counterparties

(E) Impairment of Financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' model (ECL), for evaluating impairment of financial assets other than those measured at Fair value through profit and loss.

1) Overview of the Expected Credit Loss (ECL)

Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- At an amount equal to 12 month expected credit losses if the credit risk on that financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses

Based on the above process, the company categorizes its loans into three stages as described below:

For Non - Impaired financial assets

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12- Month ECL provision is made for stage 1 financial assets. In assessing whether credit risk has increased significantly, the company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The company recognises lifetime ECL for stage 2 financial assets. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12 months ECL Provision.

For impaired financial assets:

Financial assets are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flow of a loan or a portfolio of loans. The company recognizes lifetime ECL for impaired financial assets.

2) Estimation of Expected Credit Loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where historical information is not available, the PD/default rates as stated by external reporting agencies is considered.

Exposure at Default (EAD) - The Exposure at default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) - The Loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral.

f. IND AS - 16 Property, Plant and Equipment :-

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant and equipment

- a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets, except buildings which is determined on written down value method.
- b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II - Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
- c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.
- d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- e) Assets having unit value up to Rs. 5,000 is depreciated fully in the financial year of purchase of asset.
- f) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

- g) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

g. IND AS 21 - The effects of changes in foreign exchange rates :-

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transactions.

Any income or expenses on account of exchange difference either on settlement or on Balance sheet Valuation is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

h. IND AS - 24 Related Party Disclosure :-

The Disclosures of Transaction with the related parties as defined in the related parties as defined in the Accounting Standard are given in notes to account.

i. IND AS - 33 Earnings Per Share :-

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Partly paid equity shares are treated as a fraction of equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The Weighted average number of equity shares outstanding during the period is adjusted for the events such as bonus issue, right issue that have changed the number of equity shares.

j. IND AS - 12 Income Taxes :-

Current Tax:-

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxes:

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

k. IND AS - 37 Provisions Contingent liabilities and contingent assets :-

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

l. IND AS - 108 Operating Segments

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. Further other business segments do not exceed the quantitative thresholds as

defined by the Ind AS 108 on "Operating Segment". Hence, there are no separate reportable segments, as required by the Ind AS 108 on "Operating Segment".

m. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts if any, as they are considered an integral part of the Company's cash management.

n. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Effective Interest Rate (EIR) Method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

iii) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

iv) Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

v) Fair Value Measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For B. B. Gusani & Associates [FRN: 0140875W]
Chartered Accountants

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Bhargav Gusani

Proprietor

[M. No. 120710]

UDIN: 25120710BMHTRW9288

Date : May 29, 2025

Place: Jamnagar

Akanksha Rai

Company Secretary

PAN: BFZPR9132P

Date: May 29, 2025

Place: Mumbai

Kush R Morzaria

Chief Financial Officer

PAN: BAJPM1377E

Date : May 29, 2025

Place: Mumbai

Raman P Morzaria

Whole Time Director

DIN: 00203310

Date : May 29, 2025

Place: Mumbai

Jay R Morzaria

Managing Director

DIN: 02338864

Date : May 29, 2025

Place: Mumbai

NOTE No. 3 : CASH & CASH EQUIVALENTS

(Amount in Lakhs)

3	CASH & CASH EQUIVALENTS	As at 31 st March 2025	As at 31 st March 2024
	Cash In Hand	0.33	1.63
	Balance with Banks (of the nature of Cash & Cash Equivalent)	1.64	12.67
	Fixed Deposits with Banks (Maturity of Less than 12 Months)		
	EEFC A/c		
	TOTAL	1.96	14.30

(Amount in Lakhs)

NOTE No. 4 : Bank Balance Other Than Cash & Cash Equivalent

4	Bank Balance Other Than Cash & Cash Equivalent	As at 31 st March 2025	As at 31 st March 2024
	Embarked Balance With Bank	-	-
	Balances with Bank to the extent held as margin money or security against the borrowings, guarantees or any other commitments	-	-
	Repatriation restrictions, if any	-	-
	TOTAL	-	-

(Amount in Lakhs)

NOTE No. 5 : TRADE RECEIVABLES

5	TRADE RECEIVABLES	As at 31 st March 2025	As at 31 st March 2024
	(A) Trade Receivable		
	Considered Good - Secured	-	-
	Considered Good - Unsecured	-	-
	Others	-	-
	(B) Other Receivable	-	-
	TOTAL	-	-

(Amount in Lakhs)

NOTE No. 5.1 : CLASSIFICATION OF TRADE RECEIVABLES

5.1	CLASSIFICATION OF TRADE RECEIVABLES	As at 31 st March 2025	As at 31 st March 2024
	(A) Ageing of Trade Receivable		
	Less than 6 months		
	6 Months - 1 Year		
	1 year - 2 Years		
	2 year - 3 Years		
	More than 3 Years		
	(B) Considered Good - Secured		
	Undisputed Trade Receivables - considered good		
	Disputed Trade Receivables - considered good		
	(C) Trade Receivable which have significant increase in credit risk		
	Undisputed Trade Receivables - which have significant increase in credit risk		
	Disputed Trade Receivables - which have significant increase in credit risk	-	-
	(D) Trade Receivable - credit impaired	-	-
	Undisputed Trade Receivable - credit impaired	-	-

Disputed Trade Receivable - credit impaired	-	-
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NOTE No. 6 : Loans

(Amount in Lakhs)

6	Loans	As on 31 st March 2025			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
A)	<u>Secured Loan</u>				
	i) Mortgage Loan	-	-	1,806.76	1,806.76
	ii) Business Loan	-	-	883.95	883.95
	iii) Personal Loan	-	-	-	-
	iv) Education Loan	-	-	-	-
	Total (A) - Gross	-	-	2,690.71	2,690.71
	Less :- Impairment Loss Allowance	-	-	-	-
	Total (A) - Net	-	-	-	-
B)	<u>Unsecured Loan</u>				
	i) Mortgage Loan	-	-	-	-
	ii) Business Loan	-	-	386.67	386.67
	iii) Personal Loan	-	-	789.10	789.10
	iv) Education Loan	-	-	2.43	2.43
	Total (B) - Gross	-	-	1,178.20	1,178.20
	Less :- Impairment Loss Allowance	-	-	(1,736.89)	(1,736.89)
	Total (B) - Net	-	-	(558.69)	(558.69)
	TOTAL (A) + (B)	-	-	2,132.02	2,132.02

6	Loans	As on 31 st March 2024			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
A)	<u>Secured Loan</u>				
	i) Mortgage Loan	-	-	1,421.96	1,421.96
	ii) Business Loan	-	-	1,224.32	1,224.32
	iii) Personal Loan	-	-	-	-
	iv) Education Loan	-	-	-	-
	Total (A) - Gross	-	-	2,646.28	2,646.28
	Less :- Impairment Loss Allowance	-	-	(213.10)	(213.10)
	Total (A) - Net	-	-	2,433.19	2,433.19
B)	<u>Unsecured Loan</u>				
	i) Mortgage Loan	-	-	-	-
	ii) Business Loan	-	-	334.55	334.55
	iii) Personal Loan	-	-	880.18	880.18

6	Loans	As on 31 st March 2024			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
	iv) Education Loan	-	-	2.16	2.16
	Total (B) - Gross	-	-	1,216.90	1,216.90
	Less :- Impairment Loss Allowance	-	-	(819.46)	(819.46)
	Total (B) - Net	-	-	397.44	397.44
	TOTAL (A) + (B)	-	-	2,830.63	2,830.63

NOTE No. 7 : Other Financial Assets

(Amount in Lakhs)

7	Other Financial Assets	As at 31 st March 2025	As at 31 st March 2024
	Security Deposits		5.00
	Advances Given	15.20	-
	Provision for Interest		-
	Amortisation of annual fees		0.04
	<u>Others Financial Assets</u>		-
	Income Tax refundable		1.41
	Advance Tax		-
	TDS credit		3.11
	GST Credit		-
	TOTAL	15.20	9.56

(Amount in Lakhs)

NOTE No. 8 : Inventories

8	Inventories	As at 31 st March 2025	As at 31 st March 2024
	Foreign Currency Stock	-	1.88
	TOTAL	-	1.88

NOTE No. 9 : FIXED ASSETS

(Amount in Lakhs)

Sr. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01/04/2024	ADDITIO NS DURING THE PERIOD	DEDUCTI ON DURING THE PERIOD	AS ON 31/03/2025	AS ON 01/04/2024	DEPRECIA TION FOR THE PERIOD	ON DELETI ONS PERIOD	UPTO 31/03/2025	AS ON 31/03/2025	AS ON 31/03/2024
	TANGIBLE ASSETS :										
	OWN ASSETS:										
1	Furniture & Fixtures										
	Furniture	10.75	-	-	10.75	10.30	0.07	-	10.37	0.38	0.46
2	Motor Vehicles	-	-	-	-	-	-	-	-	-	-
3	Computer										
	Computer & Printers	0.92	0.08	-	1.00	0.90	0.00	-	0.90	0.10	0.03

4	Other Assets	0.79	-	-	0.79	0.71	0.02	-	0.73	0.06	0.08
	SUB-TOTAL	12.47	0.08	-	12.55	11.91	0.10	-	12.01	0.55	0.56
	LEASE ASSETS :	-	-	-	-	-	-	-	-	-	-
	TOTAL - A	12.47	0.08	-	12.55	11.91	0.10	-	12.01	0.55	0.56
	INTENGIBLE ASSETS :	-	-	-	-	-	-	-	-	-	-
	TOTAL - B	-	-	-	-	-	-	-	-	-	-
	TOTAL A + B	12.47	0.08	-	12.55	11.91	0.10	-	12.01	0.55	0.56
	PREVIOUS YEAR	12.47	-	-	12.47	11.57	0.34	-	11.91	0.56	
	CAPITAL WORK IN PROGRESS									-	-
	INTENGIBLE ASSETS UNDER DEVELOPMENT									-	-
	PREVIOUS YEAR										
	CAPITAL WORK IN PROGRESS									-	-
	INTENGIBLE ASSETS UNDER DEVELOPMENT									-	-

NOTE No. 11 : TRADE PAYABLES

(Amount in Lakhs)

10	TRADE PAYABLES	As at 31 st March 2025
	Total outstanding dues of micro enterprises and small enterprises	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	17.22
	TOTAL	17.22

11	Particular	Ageing as on 31 st March 2025	Ageing as on 31 st March 2024
(i)	MSME		-
(ii)	Others		-
	Less than 1 Year	0.55	72.92
	1 year - 2 year	1.54	33.28
	2 year - 3 year	13.86	0.16
	More than 3 years	1.26	-
(iii)	Disputed Dues - MSME		-
(iv)	Disputed Dues - Other		-

NOTE No. 12 : Borrowings (Other than Debt Securities)

(Amount in Lakhs)

12	Borrowings (Other Than Debt Securities)	As on 31 st March 2025			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
A)	Term Loan				
	i) From Bank	-	-	-	-
-	ii) From Other	-	-	-	-

12	Borrowings (Other Than Debt Securities)	As on 31 st March 2025			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
B)	Defferred Payment Laibilities	-	-	-	-
C)	Loan from Related Parties	-	-	-	-
D)	Loan Repayable on Demand	-	-	-	-
	(i) From Bank	-	-	-	-
	(ii) From Related Parties	-	-	283.19	283.19
	(iii) From Other	-	-	-	-
E)	<u>Other Loan</u>	-	-	-	-
	(i) Inter Corporate Loan Under Pass through Arrangement	-	-	826.28	826.28
	Total Borrowings	-	-	1,109.46	1,109.46
	Borrowings in India	-	-	1,109.46	1,109.46
	Borrowings Outside India	-	-	-	-
	Total Borrowings	-	-	1,109.46	1,109.46
	Unsecured Borrowings	-	-	1,109.46	1,109.46
	Secured Borrowings	-	-	-	-
	Total Borrowings	-	-	1,109.46	1,109.46
	TOTAL	-	-	1,109.46	1,109.46

12	Borrowings (Other Than Debt Securities)	As on 31 st March 2024			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
A)	<u>Term Loan</u>				
	i) From Bank	-	-	-	-
-	ii) From Other	-	-	-	-
B)	Defferred Payment Laibilities	-	-	-	-
C)	Loan from Related Parties	-	-	-	-
D)	Loan Repayable on Demand	-	-	-	-
	(i) From Bank	-	-	21.52	21.52
	(ii) From Related Parties	-	-	357.65	357.65
	(iii) From Other	-	-	-	-
E)	<u>Other Loan</u>	-	-	-	-
	(i) Inter Corporate Loan Under Pass through Arrangement	-	-	1,175.44	1,175.44
	Total Borrowings	-	-	1,554.61	1,554.61
	Borrowings in India	-	-	1,554.61	1,554.61
	Borrowings Outside India	-	-	-	-
	Total Borrowings	-	-	1,554.61	1,554.61
	Unsecured Borrowings	-	-	1,533.09	1,533.09

12	Borrowings (Other Than Debt Securities)	As on 31 st March 2024			
		Valued at Fair Value through		Value At Amortised Cost	Total
		Other Comprehensive Income	Profit and Loss account		
	Secured Borrowings	-	-	21.52	21.52
	Total Borrowings			1,554.61	1,554.61
	TOTAL	-	-	1,554.61	1,554.61

NOTE No. 13 : Other Financial Liabilities

(Amount in Lakhs)

13	Other Financial Liabilities	As at 31 st March 2025	As at 31 st March 2024
	Interest Accrued	-	-
	Unpaid Dividend	-	-
	Unpaid Matured Deposits & interest Accrued thereon	-	-
	Others	2.62	-
	TOTAL	-	-

NOTE No. 14 : Provisions

(Amount in Lakhs)

14	Provisions	As at 31 st March 2025	As at 31 st March 2024
	Provision for Income Tax	6.93	9.22
	General Provision on Standard Assets	0.46	4.09
	Provision for Audit Fees	1.80	3.60
	TOTAL	9.19	16.92

NOTE No. 14 : Other Non-Financial Liabilities

(Amount in Lakhs)

14	Other Non- Financial Liabilities	As at 31 st March 2025	As at 31 st March 2024
	Statutory Dues	-	-
	Revenue Received in Advance	-	-
	Other Payables	-	-
	TDS Payable	-	4.38
	GST Payable	-	0.08
	TOTAL	-	4.46

NOTE No. 16 : SHARE CAPITAL

(Amount in Lakhs)

16	SHARE CAPITAL	As at 31 st March 2025	As at 31 st March 2024
	AUTHORISED SHARE CAPITAL		
	1,05,00,000 Equity Shares of Rs.1/- Each	1,005.00	1,005.00
	Issued, Subscribed & Paid-up		
	Equity Shares of Rs. 1/- Each Fully paid up	1,005.00	1,005.00

16.1	The reconciliation of Numbers of Shares outstanding is set out below:		
	Particulars	As at 31 st March 2025	As at 31 st March 2024
		Number of Shares	Number of Shares

Equity Shares at the beginning of the year	1,005.50	100.50
Add: Shares Issued at Par	-	904.50
Equity Shares at the end of the year	1,005.00	1,005.50

16.2	Terms/Rights attached to Equity Shares
	The Company has only one class of equity shares having a value of Rs 1/ per share. Each holder of equity shares is entitled to one vote per shares.
	In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity share held by the shareholders

16.3	Details of Shareholders holding more than 5% shares in company				
	Particulars	No. of Shares	% of Total Holding	No. of Shares	% of Total Holding
	Raman Pragjibhai Morzaria	29388810	29.24%	29388810	29.24%
	Kush R Morzaria	14788500	14.71%	14788500	14.71%
	Jay Ramanbhai Morzaria	11573500	11.52%	11573500	11.52%
	As per the record of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal & beneficial ownership of shares.				

NOTE No. 17 : RESERVES & SURPLUS

(Amount in Lakhs)

17	RESERVES & SURPLUS	As at 31st March 2025	As at 31st March 2024
	Reserve Fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		
	Securities Premium Reserve		
	As per Last Balance Sheet		
	Add: On Issue of Shares		
	Less: On Issue of Bonus Shares		
	Balance as per Last Financial Statement	39.51	72.87
	Add: Set aside during the Year	(33.61)	(33.36)
	Closing Balance	5.90	39.51
	General Reserve	0.15	0.15
	Profit & Loss Account		
	As per Last Balance Sheet	44.71	178.16
	Add: Profit for the year	(168.06)	(166.81)
		(123.35)	11.35
	Less: Appropriations		
	Transferred to Statutory Reserve Fund	33.61	33.36
	Provision for Reduction in Value of Investments		
	Proposed Dividend		
	Tax on Dividend		
	Closing Balance	(89.74)	44.71
	Securities Premium on Equity Shares	101.40	101.40
	TOTAL	17.71	185.77

NOTE No. 18 : Interest Income

(Amount in Lakhs)

18	Interest Income	As on 31 st March 2025			
		On Financial Assets Measured through			Total
		Other Comprehensive Income	Profit and Loss account	At Amortised Cost	
A)	<u>Term Loan</u>				
	Interest on Loan	-	-	155.35	155.35
	Interest on Income from Investment	-	-	-	-
	Interest on Deposits with Bank	-	-	-	-
	<u>Other Interest Income</u>	-	-	-	-
	Interest on Income Tax Refund	-	-	-	-
	TOTAL			155.35	155.35

NOTE No. 17 : Interest Income

(Amount in Lakhs)

17	Interest Income	As on 31 st March 2024			
		On Financial Assets Measured through			Total
		Other Comprehensive Income	Profit and Loss account	At Amortised Cost	
	Interest on Loan	-	-	304.10	304.10
	Interest on Income from Investment	-	-	-	-
	Interest on Deposits with Bank	-	-	-	-
	<u>Other Interest Income</u>	-	-	-	-
	Interest on Income Tax Refund	-	-	-	-
	TOTAL	-	-	304.10	304.10

NOTE No. 18A : Fees and Commission Income

(Amount in Lakhs)

	Particulars	As on 31 st March 2025		As on 31 st March 2024	
	Infrastructure Fees	-	-	-	-
	Loan Processing Fees - One Arc	-	-	-	-
	Document Processing Charges - ECO FIN	-	-	-	-
	Infrastructure Fees - One Arc Labs Private Limited	-	-	-	-
	TOTAL	-	-	-	-

NOTE No. 19 : Finance Cost

(Amount in Lakhs)

19	FINANCE COST	As at 31 st March 2025		As at 31 st March 2024	
	Particular	On Financial Liabilities measured at fair value through Profit and loss	On Financial Liabilities measured at fair value through Other comprehensive Income	On Financial Liabilities measured at fair value through Profit and loss	On Financial Liabilities measured at fair value through Other comprehensive Income
	Interest on Deposits	-	-	-	-
	Interest on Borrowings	115.20	-	155.03	-
	Other Interest Expenses	-	-	-	-

19	FINANCE COST	As at 31 st March 2025		As at 31 st March 2024	
	Particular	On Financial Liabilities measured at fair value through Profit and loss	On Financial Liabilities measured at fair value through Other comprehensive Income	On Financial Liabilities measured at fair value through Profit and loss	On Financial Liabilities measured at fair value through Other comprehensive Income
	Bank Interest	-	-	2.06	-
	TOTAL	115.20	-	157.09	-

NOTE No. 20 : Cost of Purchase

(Amount in Lakhs)

20	COST OF PURCHASE	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	USD Purchase		
	LOCAL	-	-
	TOTAL	-	-

NOTE No. 21 : CHANGES IN INVENTORIES OF FOREIGN CURRENCY

(Amount in Lakhs)

21	CHANGES IN INVENTORIES OF FOREIGN CURRENCY	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	Inventories (At Close)	-	1.88
	Closing Stock of Foreign Currency	-	-
	Inventories (At Commencement)	1.88	1.85
	Opening Stock of Foreign Currency	-	1.85
	TOTAL	-	(0.03)

NOTE No. 22 : EMPLOYEES BENEFIT EXPENSES

(Amount in Lakhs)

22	EMPLOYEES BENEFIT EXPENSES	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	Salaries & Bonus	10.34	49.64
	Director's Remuneration	7.50	21.00
	Staff Welfare Expenses	0.11	0.58
	TOTAL	17.95	71.22

NOTE No. 23 : DEPRICIATION & AMORTIZATION EXPENSES

(Amount in Lakhs)

23	DEPRICIATION & AMORTIZATION EXPENSES	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	Depreciation	0.10	0.34
	Preliminary Expenses Written off	-	-
	TOTAL	0.10	0.34

NOTE No. 24 : OTHER EXPENSES

(Amount in Lakhs)

24	OTHER EXPENSES	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	Indirect Expenses		
	Advertisement Expenses	0.92	0.69

24	OTHER EXPENSES	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	Annual Fees Expenses	4.92	5.06
	Audit Fees	0.20	2.16
	Bank Charges	0.02	0.07
	Brokerage Expenses	0.00	-
	Bank Interest Expense	1.22	-
	BSE Non Compliance Penalty	0.06	0.10
	CGST Expenses	0.48	0.61
	Court Case Fees	0.25	-
	Customer Credit Report Exp	0.00	0.05
	Demat Account Charges	0.00	0.01
	Electricity Expenses	0.16	0.12
	E Voting Expenses	0.00	0.25
	Equity Share Sub-Division Expense	-	-
	Flat Brokerage Expense	-	-
	IGST Expenses	0.25	0.81
	Interest on T D S	0.00	1.65
	Interest expenses	0.07	-
	Internet Expenses	0.00	0.07
	Kasar	0.00	0.00
	Legal Fees	0.00	-
	Marketing Expenses	0.00	-
	Misc Expense	0.18	-
	News Paper Expenses	0.00	-
	NPA Expenses	174.52	209.43
	Office Expenses	0.00	0.43
	Office Rent	2.40	6.00
	Printing & Stationery Expenses	0.03	-
	Professional Fees	2.25	2.27
	ROC Fees	0.15	0.13
	SGST Expenses	0.50	0.61
	Software Renewal Fees	0.00	0.11
	Travelling Expenses	0.00	0.06
	Vehicle Expenses	0.51	2.46
	Write Off	0.99	0.00
	TOTAL	190.07	233.16

NOTE No. 25 : Contingent Liabilities

(Amount in Lakhs)

25	Contingent Liabilities	For the year ended on 31 st March 2025	For the year ended on 31 st March 2024
	Claim against the Company not acknowledge as debt	-	-
	Guarantees excluding Financial Guarantees	-	-
	Other Money for which Company is Contingently Liable	-	-
	TOTAL	-	-

The Company has borrowing in the form of Inter Corporate Loans 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 due to litigation with the party, 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(EIL) and Expected Credit Loss(ECL) to the extent of Rs.102.47 Lakhs over and above ECL provision on Standard Assets.

26. Earning Per Share:-

Particulars	Period Ended on 31 st March, 2025 (in Lakhs)	Period Ended on 31 st March, 2024 (in Lakhs)
Profit / (Loss) after tax attributable to Equity Shareholders (A)	-168.06	-166.81
Weighted Number of Equity Share outstanding During the year (B) (In Nos.)	10,05,00,000	10,05,00,000
Basic Earnings Per Share for each Share of Rs. 10/- (A) / (B)	-0.17	-0.17

27. Auditors remuneration for the year is as follows:-

Statutory Audit Fees: Rs. 2,00,000/- (previous year Rs.,1,70,000/-)

28. Related Party Disclosure :-

The Disclosures of Transaction with the related parties as defined in the in the Accounting Standard are as follows:

i) Details of Related parties involved:

Name of the person	Relation With Company
Mr. Raman Morzaria	Whole Time Director (Promoter)
Mr. Jay Raman Morzaria	Managing Director (Promoter)
Mr. Kush Raman Morzaria	Chief Financial Officer (CFO-KMP) (Promoter Group)
Mr. Parth chandreshbhai maniar	Non- Executive-(Independent) Director
Mrs. Birmda Minoobhai Maniar	Non- Executive-(Independent) Director
Mr. Ashish Nandkishor Batavia	Non- Executive-(Non-Independent) Director
Mr. Vineshkumar Popatlal Makadia	Non- Executive-(Non-Independent) Director
Ms. Akanksha Rai	Company Secretary (KMP)

ii) Related Parties which are Director/Designated partner in other Entities:

Sr. No.	Name of Related Party	Nature of Interest	
		Name of the Entities	Nature of Interest
1.	Mr. Raman Pragjibhai Morzaria	Vraj Kamman Real Estate Developers Private Limited	Director (Promoter) and Member
		Midas Impex Private Limited	Director (Promoter) and Member
		Vraj Construction Private Limited	Director (Promoter) and Member
		Vrajlegacy Infratech Private Limited	Director & Shareholder
		Vraj Karan Real Estate Developers Private Limited	Director
		Vrajkamman Sai Hospitality Private Limited	Director
2.	Mr. Jay Raman Morzaria	Vraj Kamman Real Estate Developers Private Limited	Director (Promoter) And Member
		Midas Impex Private Limited	Director (Promoter) And Member
		Vraj Construction Private Limited	Director (Promoter) And Member
		Vrajkamman Sai Hospitality Private Limited	Director
		Vraj Karan Real Estate Developers Private Limited	Director
		Vraj Prime Developers Private Limited	Director
		Vraj Kamman Developers LLP	Designated Partner
		Roots and Stalks Digital Private Limited	Director (Promoter)
		Vraj Bvg Infrasheltors LLP	Designated Partner

Sr. No.	Name of Related Party	Nature of Interest	
		Name of the Entities	Nature of Interest
3	Mr. Kush Raman Morzaria	Midas Impex Private Limited	Director
		Vraj Bvg Infrasheltors LLP	Designated Partner
4.	Mr. Parth Chandreshbhai Maniar	NIL	NIL
5.	Mrs. Birmda Minoobhai Bilimoria	NIL	NIL
6.	Mr. Ashish Nandkishor Batavia	NIL	NIL
7.	Mr. Vineshkumar Popatlal Makadia	NIL	NIL
6.	Ms. Akanksha Rai	NIL	NIL

iii) Transactions With Related Parties:

Sr. No.	Name of the person	Nature of Transaction	Amount (in Lakhs)
1	Mr. Raman Morzaria	Remuneration	3.60
2	Mr. Raman Morzaria	Rent	2.40
3	Mr. Raman Morzaria	Interest on Loan	0.85
4	Mr. Kush Morzaria	Salary	3.00
5	Mr. Jay Morzaria	Remuneration	3.50
6	Mr. Jay Morzaria	Interest on Loan	2.13
7	Ms. Akanksha Rai	Salary	4.73

iv) Loan Details from related parties:

Name of person	Balance as on 01-04-2024	Addition during the period	Repayment during the period	Balance as on 31-03-2025
Raman Morzaria	0.70	39.11	19.46	20.35
Jay Morzaria	356.93	842.01	936.13	262.82

- The previous year's figures have been reworked, regrouped, and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

- Credit and Debit balances of unsecured loans, sundry creditors, sundry Debtors, loans and Advances are subject to confirmation and therefore the effect of the same on profit could not be ascertained.

- Risk Management**

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company's operations. The Company's principal financial assets include loans, investments, cash and cash equivalents and other receivables that are derived directly from its operations. As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of directors constituted in accordance with the Reserve Bank of India regulations has overall responsibility for overseeing the implementation of the Risk Management Policy. The committee meets at least twice in a year to review the Risk Management practices. Risk Management department periodically places its report to the committee for review. The committee's suggestions for improving the Risk Management Practices are implemented by the Risk Management department.

Risk Management department shall be responsible for the following:

- Identifying the various risks associated with the activities of the Company and assessing their impact on the business.
- Measuring the risks and suggesting measures to effectively mitigate the risks.

However, the primary responsibility for managing the various risks on a day to day basis will be with the heads of the respective business units of the company.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

Impairment Assessment

The Company is mainly engaged in the business of providing Personal loans, Business Loan, Term Loan & Loan against property. The tenure of the loans generally is for 12 to 60 months.

The Company also provides unsecured personal loans to salaried individuals and unsecured loans to traders and self-employed. The tenure of the loans ranges from 12 months to 60 months.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies.

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit.

Loss (ECL) calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2, as appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD. PD is calculated using Incremental 91 DPD approach considering fresh slippage using historical information.

Company's internal credit rating grades and staging criteria for loans are as follows:

Rating	Loan Days past Due (DPD)	Stages
High Grade	Not Yet Due	Stage 1
Standard Grade	1 - 30 DPD	Stage 1
Sub - Standard Grade	31 - 60 DPD	Stage 2
Past due but not impaired	61 - 90 DPD	Stage 2
Individually Impaired	91 DPD or Mores	Stage 3

- Notes forming part of accounts in relation to MSME**

Based on information available with the company, on the status of the suppliers being Micro or small enterprises, on which the auditors have relied, the disclosure requirements with regard to the payments made/due to Micro and small Enterprises are given below:

Sr. No.	Particulars	Year Ended 31-03-2025		Year Ended 31-03-2024	
		Principal	Interest	Principal	Interest
I	Amount due as at the date of Balance sheet	Nil	Nil	Nil	Nil
li	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
lii	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
lv	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

- Details of Benami Property Held**

There are no proceedings have been initiated or pending against the company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and the Rules made thereunder

- Security of current assets against borrowings**

The company has not borrowings 'during any point of time of the year' from banks or financial institutions on the basis of security of current assets

- **Wilful Defaulter**

The company is not declared as wilful defaulter (at any time during the financial year or after the end of reporting period but before the date when financial statements are approved or in an earlier period and the default has continued for the whole or part of the current year) by any bank or financial institution or other lender.

- **Relationship with struck off companies**

The company do not have any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

- **Registration of charges or satisfaction with Registrar of companies**

The company do not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.

- **Ratios**

FY 2023-24				
Ratio	Formula	Variables		Result
1. Debtors Turnover	To/Drs	157.23	-	-
2. Inventory Turnover	To/Inv	-	-	-
3. Interest Coverage Ratio	EBIT / Interest Exp	-52.74	115.20	-0.46
4. Current Ratio	Current Assets / Current Liabilities	17.16	17.22	1.00
5. Debt Equity Ratio	Debt / Equity	1,109.46	1,022.71	1.08
6. Net Profit Margin(%)	Net Profit/Turnover	-168.06	157.23	-1.07
7. Return on Net worth	Net Profit/Shareholder's Fund	-168.06	1,022.71	-0.16
FY 2022-23				
Ratio	Formula	Variables		Result
1. Debtors Turnover	To/Drs	304.10	-	-
2. Inventory Turnover	To/Inv	304.10	1.88	161.72
3. Interest Coverage Ratio	EBIT / Interest Exp	-0.29	157.09	-0.00
4. Current Ratio	Current Assets / Current Liabilities	23.87	106.36	0.22
5. Debt Equity Ratio	Debt / Equity	1,554.61	1,190.77	1.31
6. Net Profit Margin(%)	Net Profit/Turnover	-166.81	304.10	-0.55
7. Return on Net worth	Net Profit/Shareholder's Fund	-166.81	1,190.77	-0.14

For B. B. Gusani & Associates [FRN: 0140875W]
Chartered Accountants

For and on behalf of the Board of Directors of
Karnavati Finance Limited

Bhargav Gusani
Proprietor
[M. No. 120710]
UDIN: 25120710BMHTRW9288
Date : May 29, 2025
Place: Jamnagar

Akanksha Rai
Company Secretary
PAN: BFZPR9132P
Date: May 29, 2025
Place: Mumbai

Kush R Morzaria
Chief Financial Officer
PAN: BAJPM1377E
Date : May 29, 2025
Place: Mumbai

Raman P Morzaria
Whole Time Director
DIN: 00203310
Date : May 29, 2025
Place: Mumbai

Jay R Morzaria
Managing Director
DIN: 02338864
Date : May 29, 2025
Place: Mumbai