

NOTICE is hereby given to the members of the Company that the Fifteenth Annual General Meeting of the company will be held on Thursday, the 11th day of August, 2016, at 2.00 p.m. at Building No. 7, Office No. 762, 6th Floor, Solitaire Park, Andheri (East), Mumbai - 400093, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2016, the reports of the Board of Directors and Auditors thereon.

2. To confirm the payment of dividend on Compulsorily Convertible Cumulative Redeemable Preference Shares (CCCPS) and in this regard, pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** an interim dividend of 11% on CCCPS declared on 19th May 2015 and 26th September 2015, aggregating to Rs. 160.42 lakh be treated and recommended as the final dividend for the financial year ended 31st March, 2016.”

3. To appoint a Director in place of Mr. V. Mahesh, Director (DIN: 00800219), who retires by rotation and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. V. Mahesh, Director (DIN: 00800219), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

4. To ratify the appointment of Lalith Prasad & Co., Chartered Accountants and BSR & Associates, LLP, Chartered Accountants, as Joint Statutory Auditors of the company for the financial year 2016-2017 and to authorize the Board of Directors to fix their remuneration.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

i. **Appointment of Lalith Prasad and Co., Chartered Accountants as Statutory Auditors of the company.**

“**RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the rules issued thereunder, as amended from time to time, Lalith Prasad and Co., Chartered Accountants, (firm registration no: **080895**), having been appointed by the members as the statutory auditors of the company for a period of 3 years to audit the books of accounts of the company from FY 2014 – 15 till FY 2016– 17, consent of the members be and is hereby accorded for the ratification of their appointment as the statutory auditors of the company for financial year 2016-2017.



Karvy Financial Services Limited

Registered Office: 762, Building No. 7, 6th Floor, Solitaire Corporate Park, Andheri (East), Mumbai - 400093.
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FURTHER RESOLVED THAT, the Board of Directors be and is hereby authorised to fix the remuneration of the auditors.”

ii. **Appointment of BSR and Associates LLP, Chartered Accountants as Statutory Auditors of the company.**

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the rules issued thereunder, as amended from time to time, B S R and Associates, LLP, Chartered Accountants, (firm registration no: **116231W**), having been appointed by the members as the statutory auditors of the company for a period of 5 years to audit the books of accounts of the company from FY 2014 – 15 till FY 2018 – 19, consent of the members be and is hereby accorded for the ratification of their appointment as the statutory auditors of the company for financial year 2016-2017.

FURTHER RESOLVED THAT, the Board of Directors be and is hereby authorised to fix the remuneration of the auditors.”

SPECIAL BUSINESS:

5. To appoint Mr. Krishna Hari Gaddam (DIN: 00148721) as Director and in this regard, to consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Krishna Hari Gaddam (DIN: 00148721), who was appointed as an additional director at the meeting of the Board of Directors of the Company with effect from 29th July, 2016, in terms of section 161 (1) of the Companies Act, 2013, read with the Articles of Association of the company and who holds office as such Director upto the date of the ensuing Annual General Meeting of the Company, and in respect of whom a notice in writing along with the requisite deposit of Rs. 1,00,000/- from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. To obtain waiver from Central government of excess remuneration paid to Mr. Amit Saxena (erstwhile Managing Director & CEO), during the period of April 1, 2015 to March 31, 2016, and in this regard, to consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 197(10) read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or any amendments(s) thereto or any substitution(s) or any re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government and all other permissions, sanctions and approvals as may be necessary in this regard, the consent of the Company be and is hereby accorded for waiver from recovery of a sum of Rs. 1,42,12,458 (Rupees



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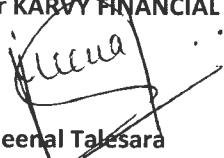
One Crore Forty Two Lakh Twelve Thousand Four Hundred Fifty Eight only) being excess remuneration already paid to Mr. Amit Saxena (DIN: 05248652), erstwhile Managing Director and CEO of the Company, during the period April 01, 2015 to March 31, 2016 which is in excess of the limit prescribed under Section 197 read with Schedule V of the Act.

RESOLVED FURTHER THAT an application be made to the Central Government under Section 197(10) of the Act for its approval for waiver from recovery of excess remuneration paid to Mr. Amit Saxena (erstwhile Managing Director and CEO of the Company), during the period April 01, 2015 to March 31, 2016 which is in excess of the limit prescribed under Section 197 read with Schedule V of the Act..

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all actions and make application to Central Government and do all such acts, deeds, matters and things, as may be required from time to time to give effect to aforesaid resolution."

Date: 29.07.2016
Place: Mumbai

By order of the Board of Directors
For **KARVY FINANCIAL SERVICES LIMITED**


Meenal Talesara
Company Secretary



M.No: A22658
Address: Building No. 7, Office No. 762,
6th Floor, Solitaire Park, Andheri (East),
Mumbai - 400093, Maharashtra

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The proxies to be effective should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting. The proxy form is enclosed herewith.
2. Members/ Proxies should bring the attendance slips duly filled in and signed for attending the Meeting.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
4. In terms of Section 152 of the Companies Act, 2013, Mr. Krishna Hari Gaddam (DIN: 00148721), Director, retires by rotation at the Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommend his re-appointment as a Director.

Details of Director retiring by rotation, as required to be provided pursuant to the provisions of Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India and approved by the Central Government are provided herein below:

Name	Mr. V. Mahesh
Age	51 years
Qualification	Post graduate in commerce, post graduate diploma in computer applications.

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Experience (including expertise in specific functional area)/Brief Resume	<p>More than two decades of expertise in capital markets which includes registrar and securities transfer agents, public issue and rights issue, depository participant activities. Have work experience spanning over decades and has in depth exposure to operations on most financial services businesses. Commencing the professional stint with the Registry business where have managed over 300 IPOs and other forms of offerings and amongst the first few to work closely on the Book Building process initiated by SEBI in 1995. Presently designated as the Managing Director of Karvy Data Management Services Ltd.</p> <p>At Karvy, after an in depth exposure in registry operations, have initiated the process of setting up the Depository participant business. Have been responsible for the setting up of the centralized broking platform, centralized back office operations for all financial products and creating a network of over 500 branches covering over 300 locations for Karvy.</p>
Terms and Conditions of re-appointment	As per the resolution passed by the Board on July 17, 2009 and by shareholders at the 8 th Annual General Meeting held on 10 th August, 2009, Mr. V, Mahesh was appointed as a Non-Executive Director of the Company. The same terms and conditions are applicable.
Remuneration last drawn	NIL
Remuneration proposed to be paid	NIL
Date of first appointment on the Board	
Shareholding in the Company	NIL
Relationship with other Directors/Key Managerial Personnel	Not related with other Directors / Key Managerial Personnel
Number of meetings of the Board attended during the financial year (2015-16)	Attended 5 Board meetings out of total 5 meetings held (100% attendance)



Karvy Financial Services Limited

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Item no. 5

Mr. Krishna Hari Gaddam holds a Bachelors degree in Commerce and is an associate member of the Institute of Chartered Accountants of India (ICAI). He has over 27 years of experience in the areas of finance and accounts functions encompassing fund raising, financial reporting, management accounting, working capital management, budgeting and forecasting and financial due diligence reviews for mergers & acquisitions and investment proposals. He has been associated with the Karvy Group for the past 15 years and is currently designated as the Vice President- Finance & Accounts at Karvy Stock Broking Limited, holding Company.

He was appointed as additional director in the Board meeting held on July 29, 2016 as per section 161 of the Companies Act, 2013.

He holds office as Director upto the date of the ensuing annual general meeting. A notice under section 160 of the Companies Act, 2013, along with necessary deposit, has been received from a member of the company proposing the candidature of Mr. Krishna Hari Gaddam as a Director.

Save and except Mr. Krishna Hari Gaddam, none of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolutions set out at Item No. 5 of the notice for approval by the members.

Item no. 6

Mr. Amit Saxena was re-appointed as the Whole-time Director of the Company by the members at the Annual General Meeting held on 27th July, 2015 for a period of 3(three) years w.e.f. 1st April, 2015. Further, at the Extraordinary General Meeting held on 30th December, 2015 Mr. Amit Saxena was appointed as Managing Director and CEO of the Company for a period of 5 (five) years w.e.f. 30th December, 2015. The said re-appointment and appointment was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Mr. Amit Saxena, resigned as the MD & CEO of the company w.e.f. 13th July, 2016.

During the financial year 2015-16, the Company has paid a total remuneration of Rs. 2,88,37,392/- (excluding the contribution to provident fund) to Mr. Amit Saxena. However, as per the provisions of Section 197 read with Schedule V of the Companies Act, 2013 the permissible limit of remuneration that the Company can pay to a managerial person during financial year 2015-16 stands at Rs. 1,46,24,934 per annum.

Your directors, hereby submit that, the operations of the Company during the financial year 2015-2016 have resulted in a gross income of Rs. 35.20 crore and a Profit after tax (PAT) of Rs. 11.60 crore. The fall in Profit before Tax (PBT) during FY 2015-16 is mainly due to the decision taken by

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the company to reverse interest accrued but not received on all the loans declared non-performing assets (NPAs). The Board of Directors of the company have, by way of an abundant caution and financial prudence, and as per the NPA norms of the RBI, directed the reversal of interest income aggregating to Rs. 33.06 crore, (which constitutes interest accrued but not paid on all loans declared as NPAs by the company). Lower PAT resulted in the payment of excess remuneration (to the extent of Rs.1,42,12,458/-) to Mr. Amit Saxena in accordance with the provisions of Section 197, and Schedule V of the Companies Act, 2013.

As per the provisions of Section 197(10) of the Companies Act, 2013, and the rules issued thereunder, subject to the approval of Central Government, the Company can waive the recovery of excess remuneration paid to Mr. Amit Saxena. In view of the same, approval of the members of the Company is solicited for making the requisite application to the Central Government.

The Board of Directors at its meeting held on July 29, 2016, has given its approval to make an application to the Central Government under Section 197(10) of the Companies Act, 2013 for waiver of recovery of excess remuneration paid to Mr. Amit Saxena, erstwhile Managing Director & CEO of the company for the period from 1st April, 2015 to 31st March, 2016.

The Board of Directors recommends the passing of the resolution set out at Item No. 6 of the accompanying Notice as a Special resolution.

None of the other Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

Date: 29.07.2016
Place: Mumbai

By order of the Board of Directors
For **KARVY FINANCIAL SERVICES LIMITED**


Meenal Talesara
Company Secretary
M.No: A22658



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