



## **KIFS FINANCIAL SERVICES LIMITED**

[CIN: L67990GJ1995PLC025234; E-mail: cs@kifs.co.in ; website: www.kifsfinance.com

Tel. No.: 079-30000320-27; Fax: 079-26403717]

### **20<sup>TH</sup> ANNUAL REPORT – 2014-15**

#### **BOARD OF DIRECTORS:**

- |                             |                                  |
|-----------------------------|----------------------------------|
| 1. Shri Rajesh P. Khandwala | - Chairman-cum-Managing Director |
| 2. Mrs. Sonal R. Khandwala  | - Director                       |
| 3. Shri Devang M. Shah      | - Independent Director           |
| 4. Shri Dharmendra N. Soni  | - Independent Director           |

#### **COMPANY SECRETARY-CUM-COMPLIANCE OFFICER:**

Ms. Krupa N. Joshi

#### **AUDITORS:**

M/s. Shailesh C. Parikh & Co.,  
Chartered Accountants,  
Ahmedabad

#### **BANKERS:**

- |                        |             |
|------------------------|-------------|
| 1. HDFC Bank           | - Ahmedabad |
| 2. Bank of Maharashtra | - Ahmedabad |
| 3. IndusInd Bank       | - Mumbai    |

#### **REGISTERED & CORPORATE OFFICE:**

B-81, Pariseema Complex,  
C. G. Road, Ellisbridge,  
Ahmedabad - 380 006

#### **REGISTRAR & SHARE TRANSFER AGENTS:**

M/s Link Intime India Pvt. Ltd.  
Unit No. 303, 3rd Floor, Shoppers Plaza V,  
Opp. Municipal Market,  
Behind Shoppers Plaza II,  
Off C. G. Road, Ahmedabad - 380 009  
Tel. No.: (079) 26465179; Fax: (079) 26465179  
E-mail: ahmedabad@linkintime.co.in  
Website: www.linkintime.co.in

## **NOTICE**

**NOTICE** is hereby given that the 20<sup>th</sup> Annual General Meeting of the members of **KIFS Financial Services Limited** will be held on Friday, 4<sup>th</sup> day of September, 2015 at 12:00 noon at the Registered Office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad 380 006 for transacting the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the financial statements of the Company for the year ended on 31<sup>st</sup> March, 2015, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To declare the final dividend.
3. To appoint a director in place of Mrs. Sonal R. Khandwala (DIN: 01788620), who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of the Statutory Auditors of the Company and to fix their remuneration and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013, Rules made thereunder, recommendations of the Audit Committee and pursuant to the resolution passed by the members at the Annual General Meeting held on 6<sup>th</sup> September, 2014, the appointment of M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad, (FRN: 109858W) as the Statutory Auditors of the Company to hold office as such till the conclusion of the Annual General Meeting to be held for the financial year 2016-17 be and is hereby ratified and that the Board of Directors of the Company be and are hereby authorised to fix remuneration payable to them in consultation with the Audit Committee and the Statutory Auditors."

**By Order of the Board  
FOR KIFS FINANCIAL SERVICES LTD.**

**Sd/-**

**Krupa Joshi  
Company Secretary**

**Place:** Ahmedabad

**Date:** 28/05/2015

**Regd. Office:**

B-81, Pariseema Complex,

C.G. Road, Ellisbridge, Ahmedabad-380006

**CIN:** L67990GJ1995PLC025234

### **NOTES:**

1. **MEMBERS ARE ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE AT THE AGM INSTEAD OF HIMSELF/ HERSELF, AND SUCH PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** Proxies in order to be effective has to be duly completed, signed, stamped and deposited at the registered office of the company atleast 48 hours before from the commencement of the Annual General Meeting. A proxy form is enclosed herewith. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/ authority letter, as applicable.
2. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company.
3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting (AGM) pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company a certified copy of the relevant Board resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the AGM.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Members' Register and Share Transfer Books shall remain closed from Monday the 31/08/2015 to Friday the 04/09/2015 (both days inclusive) for purpose of payment of dividend to those members whose names stand on the Register of Members as on 04/09/2015 (AGM date).
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained u/s 170 of the Companies Act, 2013 and Register of Contracts and Arrangements in which Directors are interested, maintained u/s 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
7. Subject to the provisions of the Companies Act, 2013 dividend as recommended by the Board of Directors, if declared at the meeting, will be paid within a period of 30 days from the date of declaration viz; 04/09/2015, to those members whose names appear on the Register of Members as on 04/09/2015.
8. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s).
9. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Ms. Krupa Joshi, Company Secretary and Compliance Officer, at the Company's registered office. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.
10. Electronic copy of the Annual Report-2014-15 including Notice of the 20<sup>th</sup> Annual General Meeting (AGM), Instructions for e-voting, Attendance Slip and Proxy Form is being sent to all the members whose e-mail ids are registered with the Company/ Depository Participant/ Registrar. Members other than these have been sent the physical copies of the Annual Report-2014-15, Notice of 20<sup>th</sup> AGM, instructions for e-voting, Attendance Slip and Proxy Form by the permitted mode at their address registered with the Company.
11. Members may also note that the Notice of the 20<sup>th</sup> AGM and the Annual Report 2014-15 will be available on the Company's website, [www.kifsfinance.com](http://www.kifsfinance.com). The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days.
12. Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchanges in respect of the Directors seeking appointment /re-appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents /declarations for their appointment / re-appointment.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Registrar/ Company.
14. Equity Shares of the Company are under compulsory demat trading by all investors. Considering the advantage of scripless trading, members are encouraged to consider dematerialisation of their shareholding so as to avoid inconvenience in future.
15. Relevant documents referred to in the accompanying Notice will be available for inspection by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.
16. In compliance with section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 substituted by Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company has provided facility to the members to exercise their votes electronically through the 'remote e-voting' (e-voting from a place other than venue of the AGM) facility arranged by Central Depository Services Ltd. (CDSL). The facility for voting through Ballot Paper will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
17. In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Company has fixed 28<sup>th</sup> August, 2015 as the 'Cut-off' date. The remote e-voting/ voting rights of the shareholders/ beneficial owners shall be reckoned by the Equity Shares held by them as on Cut-off date i.e. 28<sup>th</sup> August, 2015. The members holding shares either in physical form or in dematerialized form as on the cut -off date may cast their vote electronically on the Businesses as set out in the Notice of AGM through electronic voting system of Central Depository Services (India) Limited (CDSL) from a place other than the venue of AGM ("remote e-voting").
18. Person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM i.e. a person whose name is recorded in the register of members/ register of beneficial owners maintained by the depositories as on the cut off date only shall be entitled to avail the facility of remote e-voting as well as voting in the general meeting. Such person(s) can follow the process for generating the login id and password as provided in the "Instructions on e-voting if their PAN is updated with their DP. However such members who have not updated their PAN with their DP, may contact Link Intime India Pvt. Ltd., the Company's Registrar & Transfer Agents at Unit No 303 , 3rd floor Shoppers Plaza V, Opp Municipal Market, Behind Shoppers Plaza II, Off C G Road, Ahmedabad 380009 for obtaining the credentials for remote e-voting.



**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING  
ANNUAL GENERAL MEETING  
(Pursuant to Clause 49 of the Listing Agreement)**

<b>Name</b>	<b>Mrs. Sonal R. Khandwala (Re-appointment as Director)</b>
<b>Date of Birth</b>	05/08/1966
<b>Date of Appointment</b>	27/05/2014
<b>Qualification</b>	Bachelors Degree in Commerce
<b>Expertise in Functional Areas</b>	Finance & Administration
<b>Experience</b>	More than 18 years of experience in Securities Market as well as Financial Services sector
<b>List of other companies in which she held Directorship as on 31/03/2015</b>	Khandwala Finstock Pvt. Ltd. – Director  She does not hold Directorships in any other Public Companies.
<b>Chairman / member of committee of the board of the other public companies as on 31/03/2015</b>	Nil
<b>Relationships between Directors inter-se</b>	Relative of Mr. Rajesh P. Khandwala
<b>Equity shares held in the Company</b>	Nil

**By Order of the Board  
FOR KIFS FINANCIAL SERVICES LTD.**

**Sd/-  
Krupa Joshi  
Company Secretary**

**Place:** Ahmedabad

**Date:** 28/05/2015

**Regd. Office:**

B-81, Pariseema Complex,  
C.G. Road, Ellisbridge, Ahmedabad-380006  
**CIN:** L67990GJ1995PLC025234

**INSTRCTIONS/ PROCEDURE FOR VOTING THROUGH ELECTRONIC MEANS:**

The Company is pleased to offer remote e-voting facility for its Members to enable them to cast their Votes electronically. The procedure and instructions for the same are as follows:

- (i) The remote e-voting begins on Tuesday, 1<sup>st</sup> day of September, 2015 at 10:00 A.M. (IST) and ends on Thursday, 3<sup>rd</sup> day of September, 2015 at 5:00 P.M. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 28<sup>th</sup> August, 2015, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for after 5:00 P.M. (IST) on 3<sup>rd</sup> September, 2015.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use Sequence Number printed on Attendance slip in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. * Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for **KIFS FINANCIAL SERVICES LIMITED** on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take print out of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

# **DIRECTORS' REPORT**

To,  
The Members,  
**KIFS Financial Services Limited**  
Ahmedabad

Your Directors have pleasure in presenting their 20<sup>th</sup> Annual Report of the Company together with Audited Statement of Accounts for the FY ended on 31<sup>st</sup> March, 2015.

## **1. FINANCIAL RESULTS**

<b>(Rs. in Lacs)</b>		
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Revenue from Operations	380.78	474.48
Other Income	0.01	2.57
<b>Total Income</b>	<b>380.79</b>	<b>477.05</b>
<b>Total Expenditure</b>	<b>100.47</b>	<b>239.34</b>
Profit/ Loss before Exceptional Items & provision for Tax	280.32	237.71
Exceptional Items	0.00	0.00
Profit before Tax	280.32	237.71
Provision for Taxation	92.03	77.39
<b>Net Profit</b>	<b>188.29</b>	<b>160.32</b>

<b>EARNINGS PER SHARE</b>		
<b>(Rs.)</b>		
<b>Basic &amp; Diluted</b>	<b>1.74</b>	<b>1.48</b>

## **2. REVIEW OF OPERATIONS**

During the year under review, total income of the Company has declined to Rs. 380.79 Lacs as compared to Rs. 477.05 Lacs earned during the previous year showing a fall of about 19.75%. The reason of fall in the Company's income is the poor performance in the primary as well as secondary markets in the FY 2014-15.

On the other side, the total expenditure of the Company, during the current year has also showed a reduction of more than 50% as compared to that of previous year. Current year's total expenditure is Rs. 100.47 Lacs and that during previous year it was Rs. 239.34 Lacs. The reduction of expenditure is due to curtailing of borrowings by the Company owing to the higher interest rates. Thus, the Company has achieved an OPM of Rs. 90.34%.

The Net profit of the company after providing for all expenditure, necessary provisions and prior period adjustments as well as current tax stood at Rs. 188.29/- lacs compared to Rs. 160.32/- lacs of previous year showing an increase of about 18%. Thus, the Company was able to achieve NPM of 49.45% during the year under review.

The detailed results of operations of the Company are given in the "**Management Discussion & Analysis**" forming part of this report.

## **3. DIVIDEND**

Considering the consistent financial performance of the Company, your Company is desirous of rewarding its shareholders by sharing its Profit in the form of dividend. In continuance of the earlier trends of cash dividends, the Board of Directors have recommended Dividend of Rs. 0.50/- (Fifty Paise only, i.e. 5%) per Equity Share on the face value of Rs. 10/- each on the total paid up capital as on 31<sup>st</sup> March, 2015 for approval by the shareholders at the 20<sup>th</sup> Annual General Meeting. The dividend, if approved by the members at ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Register of Members as on the date of Book closure. The dividend and dividend distribution tax will absorb a total sum of Rs. 6510272/-.

#### **4. TRANSFER TO RESERVES**

The Company proposes to transfer Rs. 3766000/- to the Special Reserve out of amount available for appropriations and an amount of Rs. 26386654/- is proposed to be retained in the Profit and Loss Account.

#### **5. DEPOSITS**

During the year ended March 31, 2015, the Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 and RBI's notification no. DFC. 118DG/(SPT)-98 dated 31<sup>st</sup> January, 1998.

Further, being a non banking financial company, the disclosures required as per Rule 8 (5)(v)&(vi) of the Companies (Accounts) Rules, 2014 read with Rule 3 (ii) of Companies (Acceptance of Deposits) Rules, 2014, and section 73 of the Companies Act, 2013, are not applicable to the Company

#### **6. EMPLOYEE STOCK OPTIONS SCHEME**

Your Company has not issued any Employee Stock Options Plans. As such no Employee Stock Option Schemes have been framed.

#### **7. SUBSIDIARY COMPANIES**

The Company has no Subsidiaries / Associates or Joint venture companies during the period under review. As such the requirement for submission of report on the performance and the financial position of the Subsidiary/ Associate/ Joint venture companies is not applicable to the Company.

#### **8. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

##### **a.) Director Retiring by Rotation:**

Pursuant to provisions of Section-152 of the Companies Act, 2013 and in accordance with the Articles of Association of the Company, Mrs. Sonal R. Khandwala, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment. The Board of Directors recommends her re-appointment.

##### **b.) Independent Directors:**

In terms of the definition of 'Independence' of Directors as prescribed under Clause 49 of the Listing Agreement entered with Stock Exchanges and Section 149(6) of the Companies Act, 2013 Mr. Devang Manubhai Shah and Mr. Dharmendra Navnitlal Soni are the Non-executive Independent Directors on the Board of the Company. They were appointed as Independent Directors for a period of five years from the date of previous Annual General Meeting i.e. 6<sup>th</sup> September, 2014. None of the Independent Directors are due for re-appointment.

The Independent Directors have given declarations confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchange.



**c.) Woman Director:**

In terms of the provisions of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a company shall have at least one Woman Director on the Board of the Company. In order to comply with the said provisions of the Companies Act, 2013 and the Listing Agreement, your Company had appointed Mrs. Sonal R. Khandwala as Director on the Board of the Company in the previous Annual General Meeting held on 6th September, 2014. She holds the position as such on the date.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of the Companies Act, 2013.

**d.) Resignation of Directors:**

There were no resignations of Directors during the year.

**e.) Key Managerial Personnel:**

Pursuant to provisions of section 203 of the Companies Act, 2013, Mr. Bhavik J. Shah was appointed as the Chief Financial Officer of the Company w.e.f. 27<sup>th</sup> May, 2014.

The appointment of Mr. Rajesh P. Khandwala, Managing Director of the Company and Ms. Krupa N. Joshi Company Secretary of the Company, who were already in the respective offices before the commencement of the Companies Act, 2013, were formalized as the Key Managerial Personnel of the Company in terms of the said section.

None of the Key Managerial Personnel have resigned during the year under review.

## **9. NUMBER OF MEETINGS OF THE BOARD**

During the year four Board Meetings and four Audit Committee Meetings were convened and held, the details of which are given in the “*Corporate Governance Report*” that forms part of this Annual Report. The intervening gap between any two Meetings was within the period prescribed under the Companies Act, 2013.

Additionally, other committee meetings as well as separate meeting exclusively of the Independent Directors were also held during the year under review.

## **10. COMMITTEES OF THE BOARD**

Currently, the Company has four committees viz; “Audit Committee”, “Nomination and Remuneration Committee”, “Stakeholders Relationship Committee” and “Risk Management Committee” which have been established as a part of the better corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes as well as listing agreement.

Apart from the above statutory committees, the Company also has a Managing Committee of the Board of Directors to look after the routine affairs of the Company.

The details with respect to the compositions, scope and powers, roles, terms of reference, meetings, etc. of the relevant committees are given in detail in the “*Corporate Governance Report*” section forming part of this Annual Report.

## **11. CORPORATE SOCIAL RESPONSIBILITY**

During the year under, your Company does not meet the criteria laid under section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 pertaining to the constitution of the Corporate Social Responsibility Committee and other provisions covered there under regarding expenditure to be made on certain specified activities as a part of the Corporate Social Responsibility. Therefore the Company has not framed the Corporate Social Responsibility Committee/ Policy and has not incurred any expenditure thereon.

## **12. PERFORMANCE EVALUATION OF BOARD**

In accordance with Clause – 49 of the Listing Agreement which mandates the Board to monitor and review the Board evaluation framework as well as the provisions of the Companies Act, 2013, which states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors and further in accordance with schedule IV of the Companies Act, 2013 which also states that the performance evaluation of the independent directors shall be done by the entire Board of Directors, excluding the Director being evaluated, the evaluation of all the Directors and the Board as a whole as well as all the committees of the Board, was conducted on the basis of the criteria and framework adopted by the Board.

The evaluation process has been mentioned in details in the “*Corporate Governance Report*” section forming part of this Annual Report.

## **13. VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The Company has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns against unacceptable work behaviour, management practices, business practices, physiologically adverse work conditions, actual or suspected fraud or violation of the Codes of conduct or violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports and such other activities of reasonably negative nature which may be seen to tarnish the image of the Company, its products, its social image, employee morale and employee’s safety at the workplace etc. and such other Reportable Matters (as defined in the policy). Further, the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases.

The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle Blowers have been denied access to the Audit Committee of the Board. The details of the Vigil mechanism/ Whistle Blower Policy are explained in the “*Corporate Governance Report*” and also available on the website of the Company ([www.kifsfinance.com](http://www.kifsfinance.com)).

## **14. STATEMENT OF DEVELOPMENT & IMPLEMENTATION OF RISK MANAGEMENT POLICY**

The Company has framed and implemented a policy in the name of “Risk Management Policy” for assuring to meet the risks associated with business of the Company. Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Risk Management Committee of Board. The Company, while giving loan to its customers, follows the criteria and procedure laid in its Risk Management Policy and the credibility of the clients.

## **15. LOANS/ GUARANTEES OR INVESTMENT IN SECURITIES**

Pursuant to Section 186(11) of the Companies Act, 2013, read with Rule 11(2) of Companies (Meetings of Board and its Powers) Rules, 2014, the loans made, guarantees given or securities provided or acquisition of securities by a Non Banking Financial Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Since your Company is a Non Banking Financial Company registered with the Reserve Bank of India in the Category of Loan Company, it is exempted under the said section from giving disclosure regarding the Loans or guarantees given or securities provided.

As regards investments made by the Company, the details of same are provided in Balance Sheet and under the Notes forming part of the Annual Accounts of the Company for the year ended March 31, 2015.

## **16. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All related party transactions that were entered during the financial year were in the ordinary course of the business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company.

Considering the nature of the industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business specially w.r.t. IPO Funding and Loan against securities which are also on arms' length basis. All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable.

The policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Company and the link for the same is (<http://kifsfinance.com/wp-content/uploads/2015/02/RPT-Policy-KIFS.pdf>). Since no material related party transactions were entered by the Company and all the transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis, form AOC-2 is not applicable to the Company.

## **17. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has laid down set of standards, processes and structure which enables to implement internal financial control across the organization and ensure that the same are adequate and operating effectively. Internal Financial Control system of the Company provides a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting.

The certification provided in the CEO / CFO certification section of the Annual Report confirms the adequacy of our internal control system and procedures.

## **18. EXTRACTS OF ANNUAL RETURN**

Pursuant to section 134 (3) (a) section 92 (3) of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at 31st March, 2015, in the prescribed form MGT - 9 forms part of this report as "Annexure 1".

## **19. AUDITORS**

### **a.) STATUTORY AUDITORS:**

As per the provisions of section 139 of the Companies Act, 2013 read with Rules made there under, the members, in the 19th Annual General Meeting of the Company held on 6th September, 2014, had appointed M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad, ( FRN No: 109858W) as the statutory auditors of the Company for a period of 3 years i.e. till the conclusion of the Annual General Meeting of the Company to be held for the Financial year 2016-17, subject to ratifying the said appointment at every AGM till 2016-17.

The Company has received a certificate from M/s. Shailesh C. Parikh & Co., Chartered Accountants, giving confirmation to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under. The board proposes to the members to ratify the said appointment of M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad.

### **b.) INTERNAL AUDITORS:**

In accordance with the provisions of section 138 of the Companies Act, 2013, read with Rules made thereunder, your Company has re-appointed M/s. Nimita A. Desai & Co., Chartered Accountants, Ahmedabad as the Internal Auditors of the Company in the Board meeting held on 28<sup>th</sup> May, 2015 to conduct the internal audit of the functions and activities of the Company for the financial year – 2015-16.

### **c.) SECRETARIAL AUDITORS:**

Pursuant to provisions of section 204 of the Companies Act, 2013 and Rules framed thereunder, M/s. Jay Bhavsar & Associates, Practicing Company Secretaries, Ahmedabad were appointed as the Secretarial Auditors to conduct the secretarial Audit of the Company for the Financial Year 2014-15 by the Board of Directors in their meeting held on 27<sup>th</sup> May, 2014. However, M/s. Jay Bhavsar & Associates, Practicing Company Secretaries showed their unwillingness to continue as the Secretarial Auditor and resigned w.e.f. 12<sup>th</sup> February, 2015 from the said office due to his pre-occupations.

As such M/s. AG Shah & Associates, Practicing Company Secretaries, Ahmedabad were appointed as the Secretarial Auditor by the Board in their meeting held on 12<sup>th</sup> February, 2015 to conduct the Secretarial Audit for the FY 2014-15. The Report of the Secretarial Auditor, M/s. AG Shah & Associates, Practicing Company Secretaries for the FY 2014-15 is annexed herewith as “**Annexure – 2**”.

### **d.) Explanations or comments by the Board on every qualification/ reservation/ adverse remark or disclaimer made by the Statutory Auditor in his Audit Report and by the Secretarial Auditor in his Secretarial Audit Report**

The Statutory Auditors have not given any qualification, reservation or made any adverse remarks or disclaimer in their Audit Report. The Secretarial Auditor has not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

## **20. INVESTMENT ADVISORY BUSINESS**

Your Company intends to expand its present scope of operations and is proposing to venture into activities of “Investment Adviser” at appropriate time considering the market scenario, whereby the Company will advise its clients in placing their funds or other securities for short, medium or long term periods in various financial instruments/

products in accordance with the requirements of the client. For conducting the said activity, the Company has also obtained registration with SEBI as “Investment Adviser” under SEBI (Investment Advisers) Regulations, 2013 vide registration no. INA000001852 dated 13th June, 2014.

## **21. ALTERATION OF THE MEMORANDUM OF ASSOCIATION THROUGH POSTAL BALLOT**

The Company is required to alter its Memorandum of Association, for the inclusion of the activity of “Investment Adviser” in the Main Objects Clause of the Memorandum of Association of the Company. The Board of Directors have approved the alteration of the Memorandum of Association and further for obtaining the approval of the members for the said purpose, the Company is issuing the Postal Ballot Notice, since, in terms of Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, the consent of the members for alteration of the Memorandum of Association is required to be obtained through postal ballot process.

## **22. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31<sup>st</sup> March, 2015 and the date of the Directors’ Report i.e. 28<sup>th</sup> May, 2015.

The Company does not have any subsidiary. There has been no change in the nature of business of the Company. No significant or material Orders have been passed by the regulators or Courts or Tribunals impacting the going concern status of the Company and/or the Company’s operations in future.

## **23. RATIO OF REMUNERATION OF EACH DIRECTOR**

The ratio of the remuneration of each director to the median employee’s remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

<b>Sr. No.</b>	<b>Requirements/ Particulars</b>	<b>Disclosure</b>	
(i.)	ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	<b>Director’s Name</b>	<b>Ratio to median remuneration.</b>
		Mr. Rajesh P. Khandwala, MD	3.7:1
		Mrs. Sonal R. Khandwala	Nil
		Mr. Devang Shah	Nil
		Mr. Dharmendra Soni	Nil
(ii.)	percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	<b>Director/ CFO/ CS</b>	<b>Ratio to median remuneration.</b>
		MD	Nil
		Other Directors	Nil
		CFO	7.5%
		CS	7.5%
(iii.)	percentage increase in the median remuneration of employees in the financial year;	14%	
(iv.)	number of permanent employees on the rolls of company;	8	

(v.)	explanation on the relationship between average increase in remuneration and company performance;	Normal industry standards applied based on turnover of the Company.			
(vi.)	comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	During the year under review the total remuneration to KMPs were Rs. 13.06 Lacs which works out to 6.94% of the Net Profit of the Company of Rs. 188.29 Lacs			
(vii.)	variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	Details	31.03.2015	31.03.2014	
		Market Capitalization	Rs. 28.13 Crores	Rs. 27.32 Crores	
		Price Earnings Ratio	14.94	17.06	
		% increase/ (decrease) of market quotations	The stock price of the Company has increased to Rs. 26/- as on 31.03.2015 which shows increase of 36.84% to the last preferential allotment rate of Rs. 19/-.		
(viii.)	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;	Average % increase in the salaries of employees other than managerial personnel in the Financial Year was 14% whereas increase in managerial remuneration was NIL.			
(ix.)	comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	Name & Designation of KMP	Rem. Of KMP (Rs. In Lacs)	Performanc e of the Co. (Rs. In Lacs)	Rem. Of KMP in comparison with performance of the Co.
		Mr. Rajesh P. Khandwala – MD	6.00	188.29	3.19%
		Mr. Bhavik J. Shah – CFO	2.87	188.29	1.52%
		Mr. Krupa N. Joshi – CS	4.19	188.29	2.23%
(x.)	the key parameters for any variable component of remuneration availed by the directors;	Not applicable since no other payment or commission based on net profit is being paid to the Directors.			
(xi.)	the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	None			
(xii.)	affirmation that the remuneration is as per the remuneration policy of the company	The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.			

#### 24.REMUNERATION GIVEN TO MANAGING DIRECTOR FROM HOLDING/ SUBSIDIARY COMPANY

The Managing Director of the Company, Mr. Rajesh P. Khandwala also occupies the office of the Managing Director in the Holding Company of the Company viz; KIFS Securities Private Limited and is receiving by way of salary, commission, perquisites and other allowances, the total remuneration of Rs. 5,00,000/- p.m. (Rupees Five lacs p.m.) from the holding company.

## **25. PARTICULARS OF EMPLOYEES**

Pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there was no employee, who, if employed,

- (i) throughout the financial year was in receipt of remuneration for the year which, in the aggregate, was not less than sixty lakh rupees;
- (ii) for a part of the financial year, was in receipt of remuneration for any part of the year, at a rate which, in the aggregate, was not less than five lakh rupees per month;
- (iii) throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

As such, the Company is not required to submit the statement containing details as required under Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **26. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has been employing women employees in various cadres. A policy of the The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has also been laid and circulated to every female employee of the Company so as to inform them about the redressal mechanism available to them in the cases of such harassment. Your Directors state that during the year under review, there were no cases filed or complaint received from any employee pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **27. LISTING**

Presently, the entire Equity Share Capital of your Company is listed at Bombay Stock Exchange Ltd. (BSE) (Scrip Code – 535566). The company's equity shares are available for compulsory trading in demat form by all investors on BSE which is having trading terminals in various cities affording to the investors convenient access to trade and deal in the company's equity shares across the country.

The Company is regular in complying with the requirements of the Listing Agreement and has duly paid the requisite Listing Fees at BSE, where the Company is listed.

## **28. CORPORATE GOVERNANCE**

The Company has been observing the best corporate governance practices and benchmarking itself against each such practice on an ongoing basis. A separate section on Corporate Governance as per the Listing Agreement is annexed to the Directors Report and a Certificate from the Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of this Annual Report (enclosed as "*Annexure – 3*").

## **29. MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed chapter on Management Discussion and Analysis as per Clause – 49 of the Listing Agreement forming part of the Directors' Report is included in this Annual Report.

### **30.COMPLIANCE WITH RESERVE BANK OF INDIA (RBI) GUIDELINES**

The Company being a Non Banking Financial Company categorized as a Loan Company continues to comply with all the applicable regulations and Guidelines issued by RBI from time to time.

### **31.PARTICULARS REGARDING CONSERVATION OF ENERGY/ TECHNOLOGY ABSORPTION/ FOREIGN EXCHANGE EARNINGS & OUTGO**

The disclosures to be made under Section 134 (3) (m) of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 pertaining to conservation of energy and technology absorption and foreign exchange earnings and outgo, are not applicable to the Company as the Company being a non banking financial company, is neither involved in any manufacturing, processing activities nor any of its transactions involve foreign exchange earnings and outgo.

### **32. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 of the Company for that period;
- c) 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 Bank and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) 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.

### **33. ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their deep and sincere gratitude to the clients, customers and shareholders of the Company for their trust and patronage, as well as to the Reserve Bank of India, Securities and Exchange Board of India, Government of India and other Regulatory Authorities for their continued co-operation, support and guidance. Your Directors also express a profound sense of appreciation for the commitment shown by the employees in supporting the Company at all levels and looks forward to their continued commitment to achieve further growth and take up more challenges.

**By Order of the Board  
FOR KIFS FINANCIAL SERVICES LTD.**

**Sd/-**

**Rajesh P. Khandwala  
Chairman**

**Place:** Ahmedabad

**Date:** 28/05/2015

**Regd. Office:**

B-81, Pariseema Complex,

C.G. Road, Ellisbridge, Ahmedabad-380006

**CIN:** L67990GJ1995PLC025234



## **MANAGEMENT DISCUSSION AND ANALYSIS ON OUTLOOK AND FUTURE PLANS**

The Company is a Non deposit taking Non Banking Financial Company ("NBFC -ND") registered with Reserve Bank of India under the category of Loan Company. The principle business of the Company consists of Loans against shares, Funding IPO/ FPO retail applications and Margin Trading. As a part of business expansion, the Company is proposing to venture in the business of Investment Advisory and has registered itself as such with SEBI.

### **MACRO ECONOMIC SCENARIO - GLOBAL PERSPECTIVE**

The global economy is still under stress for gaining momentum as many high - income countries continue to grapple with the past impacts of the global financial crisis. Global growth rate was 3.4% during FY 2014-15 which is quite similar to that of FY 2013-14. Growth in the United States improved to 2.4% while that in Euro Area and Japan continued to remain subdued. While the United States withdrew quantitative easing in 2014, the Euro Zone and Japan expanded their monetary easing programmes. Emerging countries continue to remain as less vibrant than in the past.

Overall, it appears that the pace of economic recovery is getting marked by specificity.

### **INDIAN ECONOMY DURING FY 2014-15**

After years of diminutive growth the reform momentum has picked up in India. The formation of the stable government with a strong electoral mandate in May, 2014, led to an improvement in market sentiment. There was recovery in key economic parameters during the year. The Reserve Bank of India has managed to bring down the CPI inflation to 6% from the double digit level of inflation which persisted over the previous two years. A large part of disinflation has been on account of the slump in international crude oil prices. The Union Budget has also announced initiatives to boost investment. As a result, the outlook for the GDP growth has improved.

In Fiscal 2015, The Central Statistical Organization (CSO) introduced a new methodology for calculation of Gross Domestic Product (GDP) and also revised the base year from fiscal 2005 to fiscal 2012. As per the revised methodology, India's GDP grew by 7.4% during the first Nine months of fiscal 2015 compared to growth of 7.0% in the corresponding period of fiscal 2014.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

NBFCs form an integral part of the Indian Financial System. They have been providing credit to the retail customers in the underserved and unbanked areas. It is an established fact that many unbanked borrowers avail credit from NBFCs and over the years use their track record with NBFCs and mature to become bankable borrowers. The Company, being a Loan NBFC, operates in the business of providing Loans against shares, IPO retail funding and Margin Trading.

However, peeping into the securities market of India during the FY 2014-15, it reveals that the trends remained sluggish in the primary stock market, where the companies raise funds through the sale of shares via instruments like IPOs and FPOs. There are several factors responsible for this slow takeoff. For one, the revised SEBI (Securities and Exchange Board of India) eligibility norms have limited many potential issuers. Greater disclosures and higher due diligence by the investment bankers is taking much longer time.

Yet, the Company has managed to raise its income even in the sluggish period.

## STRATEGY & OUTLOOK

India is regaining economic momentum and growth is expected to recover gradually to its high long-term potential. The new fiscal year is expected to see the highest economic output growth in recent years. The Economic Survey has it at 8.1-8.5%, while the International Monetary Fund's (IMF's) 7.5% and the Asian Development Bank's 7.8% have India growing faster than China.

The Company believes that due to the farsightedness of the present new NDA government in the Centre, there would be boost in the securities market more particularly in the Primary market. In the light of the "make in India" campaign your company expects to lend money into such fundamentally strong projects/ business ventures which shall come out with IPO/ FPO (Further Public Offer/ Follow-on Public Offer) as well as Offer for sale (OFS) for some of the Public sector units (PSUs).

## FINANCIAL REVIEW

(Rs. in Lacs)		
Particulars	2014-15	2013-14
<b>Income</b>		
Income from Operations	380.78	474.48
Other Income	0.01	2.57
<b>Total Income</b>	<b>380.79</b>	<b>477.05</b>
<b>Expenditure</b>		
Employee Costs	22.10	19.38
Finance Costs	63.36	209.24
Depreciation & Other Expenses	15.01	10.72
<b>Total Expenditure</b>	<b>100.47</b>	<b>239.34</b>
Profit/ Loss before Tax	280.32	237.71
Provision for Taxation	92.03	77.39
Profit after Tax	188.29	160.32
Add/ (Less) Prior Period Adjustments	0.00	0.00
<b>Net Profit</b>	<b>188.29</b>	<b>160.32</b>
Basic and Diluted Earnings per share	1.74	1.48

The IPO market has not shown many success stories in the past four years; in fact, there have been very few and most have generated poor returns. It is also true that most IPOs have been small in size, which typically does not evince enough investors' interest, and pricing has not enthused investors either. As such the sluggish trend of the securities market as affected the business income of the Company as well.

During the year under review, total income of the Company has declined to Rs. 380.79 Lacs as compared to Rs. 477.05 Lacs earned during the previous year showing a fall of about 19.75%. The reason of fall in the Company's income is the poor performance in the primary as well as secondary markets in the FY 2014-15.

On the other side, the total expenditure of the Company, during the current year has also showed a reduction of more than 50% as compared to that of previous year. Current year's total expenditure is Rs. 100.47 Lacs and that during previous year it was Rs. 239.34 Lacs. The reduction of expenditure is due to curtailing of borrowings by the Company owing to the higher interest rates.

The Net profit of the company after providing for all expenditure, necessary provisions and prior period adjustments as well as current tax stood at Rs. 188.29/- lacs compared to Rs. 160.32/- lacs of previous year showing an increase of about 18%.

## **RISKS & CONCERNS**

While risk is an inherent aspect of any business, the Company being an NBFC, is primarily exposed to credit risk, liquidity risk, interest rate risk as well as operational risks. The Company has established detailed procedures and policies for underwriting across various product categories, based on the credit profile of the customers. KFSL has invested in people, processes and technology to effectively mitigate risks posed by external environment and by its borrowers. It maintains a conservative approach and manages the credit risk through prudent selection of clients, delegation of appropriate lending powers and by stipulating various prudential limits. It has in place a proper risk management team, a policy to measure the risk factors and an effective credit operations structure. The Company, while giving loan to its customers, follows the criteria and procedure laid in its Risk Management Policy.

## **INTERNAL CONTROL SYSTEM:**

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new/ revised standard operating procedures. The internal control systems are commensurate with the nature of its business and size and complexity of its operations. The system ensures operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. Amongst other things, the internal control system of the Company also provides for reasonable assurance of recording and reporting the transactions of operations in all material aspects and of providing protection against significant misuse or loss of funds.

The internal control system of the Company is supported by an internal audit process conducted by the Internal Auditor of the Company viz; M/s. Nimita Desai & Co., Chartered Accountants, Ahmedabad who reviews the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures.

The Audit Committee, Statutory Auditors and the Board of Directors are periodically apprised of the internal audit findings and corrective actions required/ taken.

## **HUMAN RESOURCES**

The Company believes that the employees are central as well as critical to the Company as they are the real assets of the organization. It recognizes people as its most valuable asset and therefore it lays due emphasis on its overall training and development. The Company's HR policy aims to establish and build a high performing organization, where each individual is motivated to perform at the fullest capacity to contribute towards self development and thereby achieve individual excellence along with achieving the departmental objectives. The employee relationship with the company remained harmonious throughout the year.

## **Cautionary Statement**

*Statements made herein i.e. in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are forward-looking statements within the meaning of applicable laws and regulations based on various assumptions on the Company's present and future business strategies and the environment in which it operates. Actual results may differ from those expressed or implied. The Prime factors that could make a difference to the Company's performance includes market conditions, government policies and regulations, economic development within/ outside country etc.*

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

### (Annexure to Directors' Report)

Pursuant to clause 49 of Listing Agreement your directors present below a complete report on Corporate Governance:

#### 1. CORPORATE GOVERNANCE

The principal characteristics of Corporate Governance are Transparency, Independence, Accountability, Responsibility, and Social Responsibility along with respecting interests of the stakeholders and the better business performance. The Company recognizes its role as a corporate citizen and adopts the best practices in the field of corporate governance through transparency in business ethics, accountability to its customers, government and others.

#### 2. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on corporate governance is founded on the fundamental ideologies of the group viz., Trust, Value and Service. It has been a constant endeavour on the part of the Company to achieve excellence in Corporate Governance by following the principles of transparency, accountability and integrity in functioning, so as to constantly striving to enhance value for all stakeholders and the society in general. The Company's governance framework is based on the principles of appropriate composition and size of the Board with each member bringing in expertise in their respective domains; timely disclosure of material operational and financial information to the stakeholders; proper systems and processes of internal control as well as proper business conduct by the Board, Senior Management and Employees.

#### 3. BOARD OF DIRECTORS

As on 31<sup>st</sup> March, 2015, the Board of the Company consists of four Directors, out of which two Directors are independent and one is the Women Director. The Chairman-cum-Managing Director of the Company is an Executive Director. According to clause 49, if the Chairman is an Executive Director, at least one half of the Board of the company should consist of independent directors. The composition of the Board is in conformity with clause 49 of the Listing Agreement and that of Companies Act, 2013 which is effective as on 31<sup>st</sup> March, 2015.

The names and categories of Directors, their attendance at the Board Meetings held during the financial year 2014-15 and at the Annual General Meeting (AGM) held on 6<sup>th</sup> September, 2014 and also the number of Directorships and Committee positions held by them in other Companies are given herein below:-

**Details of the composition of the Board, number of Board Meetings held and the attendance of the Directors thereat and number of Directorships etc. held:**

Name of Director	Category	No. of Board Meetings during 2014-15		Attendance at AGM held on 06/09/2014	No. of Directorships and Committee Membership/ Chairmanship in other Indian Public Limited Companies***		
		Held	Attended		Directorships in Unlisted Public Cos.	Committee Membership	Committee Chairmanship
*Mr. Rajesh P. Khandwala	CMD	4	4	Yes	---	---	---
*Mrs. Sonal R. Khandwala	Director	4	4	No	---	---	---
Mr. Devang M. Shah	Independent Director	4	4	Yes	---	---	---
Mr. Dharmendra N. Soni	Independent Director	4	4	Yes	---	---	---

\*Mr. Rajesh P. Khandwala and Mrs. Sonal R. Khandwala are related to each other.

**\*\*\*Notes:**

Private Limited Companies, Foreign Companies and Companies under section 8 of the Companies Act, 2013 are excluded for the above purposes. Only Audit Committee, and Stakeholders Relationship Committee are considered for the purpose of Committee positions as per listing agreement.

**Number of Board Meetings held during the financial year 2014-15 and dates of Board meetings:**

<b>No. of Board Meeting</b>	<b>Date of Board Meeting</b>
1	27/05/2014
2	13/08/2014
3	08/11/2014
4	12/02/2015

**4. COMMITTEES OF THE BOARD**

In order to comply with the Listing Agreement and the Companies Act, 2013, the Board of Directors has constituted Committees to deal with specific areas and activities which concern the Company and need a closer review. These committees include the following:

**a.) QUALIFIED AND INDEPENDENT AUDIT COMMITTEE**

**i) Terms of Reference/ Roles/ Functions of Audit Committee:**

In addition to the matters provided in Clause 49 of the Listing Agreement and requirements of Section 177 of the Companies Act, 2013, Rules made there under and Reserve Bank of India, the Committee reviews the reports of the Internal Auditors, periodically meets the Statutory Auditors of the Company and discusses their findings, observations, suggestions, scope of audit etc. and also reviews internal control systems and accounting policies followed by the Company. The Committee also reviews the financial statements with the management, before their submission to the Board. The terms of reference of the Audit Committee of the Board of Directors of the Company, inter alia includes;

1. Overseeing the Company's financial reporting process and reviewing with the management, the financial statements before submission to the Board for approval;
2. Recommending to the Board the appointment, re-appointment and replacement of the Statutory Auditor and fixing their fees;
3. Reviewing the internal audit function of the Company;
4. Such other matters as specified under Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 and Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

**ii) Composition Of Audit Committee And Attendance of the Members at the Meetings:**

The majorities of the members of the Audit committee including Chairman are Independent Directors and possess sound financial and accounting knowledge. Members are regularly present at the meetings.

The Audit Committee met four times during the financial year 2014-15 i.e. on 27/05/2014, 13/08/2014, 08/11/2014 and 12/02/2015 and that the time gap between any two meetings was less than four months. The details of the Composition of the Committee as on 31/03/2015, the category and Designation of the members, number of meetings held and the attendance of the Directors thereat during the period from 01/04/2014 to 31/03/2015 is given herein below:-

### **Composition of the Audit Committee**

Name	Designation	Category	No. of Meetings	
			Held	Attended
Mr. Devang M. Shah	Chairman	Non-Executive-Independent	4	4
Mr. Dharmendra N. Soni	Member	Non-Executive-Independent	4	4
Mr. Rajesh P. Khandwala	Member	Executive- Non Independent	4	4

All Members of the Audit Committee were present at the previous Annual General Meeting of the Company held on 6<sup>th</sup> September, 2014.

### **b.) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

In accordance with the provisions of section 178 of the Companies Act, 2013 as well as Amended Clause – 49 of the Listing Agreement, the Board of Directors of the Company has constituted “**STAKEHOLDERS' RELATIONSHIP COMMITTEE**” to specifically look into the shareholders'/ investors' complaints on matters relating to non-receipt of annual report, non-receipt of dividend, transfer of shares, transmission of shares etc. In addition, the committee also looks into matters that can facilitate better investor services and relations. The Committee meets as and when required, to deal with the investor related matters and takes due care that all the complaints are disposed off timely and upto the satisfaction of the shareholders.

The details of the Composition of the Committee including the category and Designation of the members, number of meetings held and the attendance of the Directors thereat is given herein below:-

### **Composition of the Stakeholders' Relationship Committee**

Name	Designation	Category	Committee meeting attended
Mr. Dharmendra N. Soni	Chairman	Non-Executive-Independent	4
Mr. Devang M. Shah	Member	Non-Executive-Independent	4
Mr. Rajesh P. Khandwala	Member	Executive Non-Independent	4

Sr. No.	Particulars	Position
1.	No. of Shareholders Compliances received so far	Nil
2.	No. of complaints not solved to the satisfaction of shareholders	Nil
3.	No. of pending complaints	Nil

### c.) NOMINATION AND REMUNERATION COMMITTEE

As per the provisions of section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, and in accordance with amended Clause 49 of the Listing Agreement with BSE, the Company has constituted a Committee in the name of **"NOMINATION AND REMUNERATION COMMITTEE"**.

The Committee formulates the criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. It makes evaluation of Independent Directors and the Board. The Committee ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

It shall be the duty of the committee to identify the 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 their appointment and removal.

During the year under review, only one meeting of the Nomination and Remuneration Committee was held.

**The details of the Composition of the Committee including the category and Designation of the members is given herein below:**

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Devang M. Shah	Chairman	Independent Director
2.	Mr. Dharmendra N. Soni	Member	Independent Director
3.	Mrs. Sonal R. Khandwala	Member	Director

### d.) RISK MANAGEMENT COMMITTEE

While business risk evaluation and management is an ongoing process within the Organization, the Company has a vigorous risk management framework to identify, monitor and minimize risks as also identify business opportunities. The company has formed a business Risk Management Committee consisting of the following members:

Sr. No.	Name of the Member	Category	Designation	No. of Meetings	
				Held	Attended
1.	Mr. Rajesh P. Khandwala	Executive–Non Independent	Member	2	2
2.	Mr. Devang Shah	Independent	Member	2	2
3.	Mr. Dharmendra Soni	Independent	Chairman	2	2

The Terms of reference, Objectives and Scope of the Risk Management Committee inter alia includes:

- (i) Oversight of risk management performed by the officers;
- (ii) Reviewing the Risk Management policy and framework in line with local legal requirements and SEBI guidelines;
- (iii) Identification, Monitoring and Measurement of the risk profile of the Company (including market risk, operational risk, and credit risk)
- (iv) Defining framework for identification, assessment, monitoring, and reporting of risks.

## **5. REMUNERATION TO THE DIRECTORS:**

The Chairman-cum-Managing Director of the Company viz; Mr. Rajesh P. Khandwala is being paid Rs. 50,000/- (Rupees Fifty Thousand) per month as remuneration w.e.f. the date of his appointment as Managing Director. No sitting fees are paid to Mr. Rajesh P. Khandwala. The other Non-executive- Independent Directors are being paid sitting fees for each Board Meeting and Audit committee meetings attended as below and apart from such sitting fees no other remuneration is being paid to them:

Sr. No.	Name of the Independent director	Sitting Fees paid (p.a.)
1.	Mr. Devang M. Shah	Rs. 40,000/-
2.	Mr. Dharmendra N. Soni	Rs. 40,000/-

## **6. INDEPENDENT DIRECTORS MEETING:**

During the year under review, the Independent Directors met on 20<sup>th</sup> February, 2015, inter alia, to discuss:

1. The performance of all the non-independent directors and the Board as a whole;
2. The performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
3. The performance of the Key Managerial Personnel and Senior Management.
4. The quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the independent Directors were present at the meeting.

## **7. INDEPENDENT DIRECTORS FAMILIARIZATION PROGRAMME:**

At the time of appointment of a Director, a formal letter of appointment is given to him/her, which inter alia contains the role, functions, duties and responsibilities expected of him/ her as a Director of the Company. The Independent Directors are also given a copy of the "Code for Independent Directors" as contained in Schedule IV to the Companies Act, 2013.

During the year under review, the Independent Directors were familiarized about the industry in which the Company operates, their roles as Independent Directors, rights, responsibilities in the Company, business model, risk management system and other policies of the Company by conducting a familiarization programme. The details of such familiarization programmes are displayed on the website of the Company at: [\[http://kifsfinance.com/wp-content/uploads/2015/03/Independent-Director-Familiarization-Programme.pdf\]](http://kifsfinance.com/wp-content/uploads/2015/03/Independent-Director-Familiarization-Programme.pdf)

## **8. PERFORMANCE EVALUATION OF THE BOARD**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Appointment and Remuneration Committees.



A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board' functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

The Directors expressed their satisfaction with the evaluation process.

## **9. WHISTLE BLOWER MECHANISM OF THE COMPANY**

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company, through whistle blower mechanism, provides a channel to the Employees and Directors and encourages them to come forward and express their concerns about suspected misconduct and to report to the management these concerns, without any fear of punishment or unfair treatment.

The Company has formulated a Whistle Blower Policy which aims at providing a secured framework to an employee to share his/ her views, observations and objections with regards to unacceptable work behaviour, management practices, business practices, physiologically adverse work conditions, actual or suspected fraud or violation of the Codes of conduct or violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports and such other activities of reasonably negative nature which may be seen to tarnish the image of the organization, its products, its social image, employee morale and employee's safety at the workplace. It covers serious concerns that could have grave impact on the operations and performance of the business of the Company and malpractices and events which have taken place/ suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of company rules, manipulations, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

The functioning of the Whistle Blower mechanism is reviewed by the Audit Committee from time to time. None of the Whistle Blowers have been denied access to the Audit Committee of the Board. The Policy containing the details of the Whistle Blower Mechanism is available on the website of the Company ([www.kifsfinance.com](http://www.kifsfinance.com)).

## **10. CODE OF CONDUCT**

The Board has laid down the Code of Conduct for all Board members and Senior Management Personnel. The code is a comprehensive code applicable to all Directors and Members of Senior Management of the Company. It is in alignment with Company's vision and values to achieve the Mission and Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A copy of the code has been posted on the Company's website [www.kifsfinance.com](http://www.kifsfinance.com). A declaration signed by Chairman towards the compliance of Code of Conduct is enclosed with this Report as *"Annexure - 4"*.

## **11. CEO/ CFO CERTIFICATION**

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Rajesh P. Khandwala, Chairman-cum-Managing Director of the Company has certified to the Board regarding the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2015. The said certificate is annexed to this Report as “**Annexure – 5**”.

## **12. GENERAL BODY MEETINGS**

The details of the Annual General Meetings held during past three years are as under:

<b>Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2013-14	06/09/2014	2:00 p.m.	At Registered Office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006
2012-13	02/08/2013	4:00 p.m.	‘do’
2011-12	29/09/2012	12.00 Noon	‘do’

During the year under review, an Extra-ordinary General Meeting of the Members of the Company was held on 16<sup>th</sup> March, 2015 at 12:00 noon at the Registered Office of the Company for obtaining the members consent by way of special resolution for increasing the borrowing powers of the Company under section 180 (1)(c) of the Companies Act, 2013.

The Company has not passed any resolutions by way of Postal Ballot since the date of last Annual General Meeting.

## **13. NOTE ON DIRECTORS' APPOINTMENT/RE-APPOINTMENT**

Mrs. Sonal R. Khandwala, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment. The details required under clause 49(E) of the listing agreement of Mrs. Sonal R. Khandwala, the Director retiring by rotation is annexed to the Notice of the 20<sup>th</sup> Annual General Meeting.

## **14. CODE FOR PREVENTION OF INSIDER TRADING PRACTICES**

In compliance with the provisions of the Securities and Exchange Board of India, the Company has framed a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

The said code has been revised and the Company has adopted a fresh new set of code in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code can be obtained from website of the Company; [www.kifsfinance.com](http://www.kifsfinance.com).

## **15. ANTI MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY**

In keeping with specific requirements of RBI for NBFCs, the company has also formulated Prevention of Anti Money Laundering & Know your customer Policies. The said policies can be obtained from website of the Company; [www.kifsfinance.com](http://www.kifsfinance.com).

## 16. MEANS OF COMMUNICATIONS

The Company regularly publishes its Quarterly, Half yearly & Annual Results in one English daily newspaper and one Regional Language daily newspaper & submits to stock exchange in accordance with the Listing Agreement requirements. The above referred results are also posted on the Company's website viz; [www.kifsfinance.com](http://www.kifsfinance.com).

## 17. GENERAL SHAREHOLDER'S INFORMATION

1. **Date of Annual General Meeting** : Friday, 4<sup>th</sup> September, 2015
2. **Time and Venue** : 12:00 noon at the Registered office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006.”
3. **Listing on Stock Exchanges** : (1) Bombay Stock Exchange Ltd., (BSE), Mumbai.
4. **Financial Calendar** : 1<sup>st</sup> April to 31<sup>st</sup> March

Tentative Calendar for Financial Year ending 31<sup>st</sup> March, 2016

Financial Reporting for the		Tentative dates of the Board Meeting
First quarter ending 30/06/2015	:	On or before August 14, 2015
Half year ending 30/09/2015	:	On or before November 14, 2015
Third quarter ending 31/12/2015	:	On or before February 14, 2016
Fourth quarter ending 31/03/2015	:	End of May, 2016

5. **Date of Book Closures** : Monday, 31/08/2015 to Friday, 04/09/2015 (Both Days inclusive)
6. **Dividend Payment Date** : On or after 7<sup>th</sup> September, 2015.
7. **Name of Compliance Officer** : Ms. Krupa Joshi, Company Secretary
8. **Market Price Data during the financial year ended 31/03/2015** : The monthly High and Low quotations as well as the total turnover at the BSE for the current year are provided as follows:

All Prices in ₹

Month	High	Low	Total Turnover (No. Of shares traded)
April, 2014	24.20	21.30	16,811
May, 2014	25.00	21.30	14,177
June, 2014	26.50	21.80	4,29,624
July, 2014	26.70	23.05	4,14,781
August, 2014	28.85	22.60	2,19,489
September, 2014	28.20	21.65	1,82,122
October, 2014	25.70	22.35	1,68,241
November, 2014	25.35	20.95	16,538
December, 2014	26.55	21.70	2,17,298
January, 2015	25.25	19.90	6,47,256
February, 2015	24.75	20.00	4,96,002
March, 2015	26.25	21.95	3,53,207

9. **Stock Code** : BSE – 535566;
10. **Registrars & Transfer Agents** : Link Intime India Pvt. Ltd.  
Unit No. 303, 3<sup>rd</sup> Floor,  
Shoppers Plaza V,  
Opp. Municipal Market,  
B/h. Shoppers Plaza II,  
Off C. G. Road,  
Ahmedabad – 380 009  
Phone No.: 079-26465179  
Fax No.: 079-26465179  
Email: ahmedabad@linkintime.co.in

#### **18. LISTING AND TRANSFER OF SHARES AND LIQUIDITY:**

The Company's Shares are currently listed on the Bombay Stock Exchange Ltd.,

For expediting physical transfer, the Board has delegated share transfer formalities to the Share Transfer Committee. Ms. Krupa Joshi is designated as Compliance Officer for the same.

#### **19. DISTRIBUTION OF SHAREHOLDING (SHARES) as on 31<sup>st</sup> March, 2015**

<b>SHAREHOLDING OF SHARES</b>	<b>SHAREHOLDERS NUMBER</b>	<b>% OF TOTAL</b>	<b>SHARES ALLOTTED</b>	<b>% OF TOTAL</b>
1 to 500	1669	94.081	237233	2.19
501 to 1000	34	1.917	28586	0.26
1001 to 2000	20	1.127	29890	0.28
2001 to 3000	10	0.564	25766	0.24
3001 to 4000	9	0.507	30900	0.29
4001 to 5000	3	0.169	13640	0.13
5001 to 10000	7	0.395	45981	0.42
10001 to 9999999999	22	1.240	10406004	96.19
<b>TOTAL</b>	<b>1774</b>	<b>100.00</b>	<b>1,08,18,000</b>	<b>100.00</b>

#### **20. DEMATERIALIZATION OF SHARES**

As on 31<sup>st</sup> March, 2015, 97.33% of the total equity share capital was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

#### **21. ADDRESS FOR CORRESPONDENCE**

Shareholders may correspond with the Registrars and Transfer Agents, at the address mentioned hereinabove on all matters relating to non-receipt of transferred share certificates, non-credit of shares in demat account or any other query relating to shares/dividend of the Company.

For all investor related matters, following Officer can be contacted at the Registered Office of the Company at: -

Ms. Krupa Joshi, Company Secretary-cum- Compliance Officer  
**KIFS FINANCIAL SERVICES LIMITED**  
B – 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006  
Tel.: +91-79-30000320/21/22, Fax: +91-79-26403717  
Email: cs@kifs.co.in

## 22. DISCLOSURES

- a) Disclosures on materially significant related party transactions i.e. transaction of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the company at large and disclosure required under listing agreement as amended: *The details of this disclosure are mentioned in Notes on Accounts and covered by accounts.*
- b) Details of non-compliance by the Company, penalties, and strictures imposed on the company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.
- c) There is no pecuniary relationship or transaction of the non executive Director. Further no remuneration, benefits, incentives and stock options are provided to directors.
- d) All the mandatory requirements of clause 49 of the Listing agreement are complied with.

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-**

**Rajesh P. Khandwala**  
**Chairman**

**Place: Ahmedabad**  
**Date: 28/05/2015**

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN  
as on the Financial Year ended on 31.03.2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	<b>L67990GJ1995PLC025234</b>
ii)	Registration Date	29 <sup>th</sup> March, 1995
iii)	Name of the Company	<b>KIFS FINANCIAL SERVICES LIMITED</b>
iv)	Category / Sub-Category of the Company	(Public Company limited by shares) Non Banking Financial Company
v)	Address of the Registered office and contact details	B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad -380 006
vi)	Whether listed company Yes / No	Yes, Listed at BSE
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>M/s Link Intime India Pvt. Ltd.</b> Unit No. 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C. G. Road, Ahmedabad – 380 009 Tel. No.: (079) 26465179; Fax: (079) 26465179 E-mail: ahmedabad@linkintime.co.in Website: www.linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Interest Income (IPO Retail Funding and Loan against shares)	64990	94.98%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable section
1.	KIFS Securities Private Limited	U65910DN1995PTC000470	Holding Company	74.41%	2(46)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

*i) Category-wise Shareholding*

[illegible]

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2.) Non Institutions</b>	-								
<b>a.) Bodies Corporate</b>	-	-	-	-	-	-	-	-	-
i.) Indian	301	3420	3721	0.03	13054	3420	16474	0.15	0.12
ii.) Overseas	-	-	-	-	-	-	-	-	-
<b>b.) Individuals</b>									
i.) Individual Shareholders holding Nominal share Capital upto `1 lakh	62943	355280	418223	3.87	133242	271500	404742	3.74	(-)0.13
ii.) Individual Shareholders holding Nominal share Capital in excess of `1 lakh	2329644	13860	2343504	21.66	2329644	13860	2343504	21.66	Nil
<b>c.) Others (Specify)</b>									
Clearing Members	1552	-	1552	0.01	3280	-	3280	0.03	0.02
NRI	1000	-	1000	0.01	-	-	-	-	(-)0.01
<b>Sub-Total (B)(2):</b>	<b>2395440</b>	<b>372560</b>	<b>2768000</b>	<b>25.59</b>	<b>2479220</b>	<b>288780</b>	<b>2768000</b>	<b>25.59</b>	<b>Nil</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2395440</b>	<b>372560</b>	<b>2768000</b>	<b>25.59</b>	<b>2479220</b>	<b>288780</b>	<b>2768000</b>	<b>25.59</b>	<b>Nil</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A+B+C)</b>	<b>10445440</b>	<b>372560</b>	<b>10818000</b>	<b>100</b>	<b>10529220</b>	<b>288780</b>	<b>10818000</b>	<b>100</b>	<b>Nil</b>

ii) *Shareholding of Promoters*

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	KIFS Securities Private Limited	8050000	74.41	0	8050000	74.41	0	Nil
	<b>Total</b>	<b>8050000</b>	<b>74.41</b>	<b>0</b>	<b>8050000</b>	<b>74.41</b>	<b>0</b>	<b>Nil</b>



**iii) Change in Promoters' Shareholding (please specify, if there is no change): THERE IS NO CHANGE**

Change in Promoters Shareholding	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NA	NA	NA	NA
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.	NA	NA	NA	NA
At the End of the year	NA	NA	NA	NA

**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cum. Shareholding during the year		Shareholding at the End of the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Kaminiben R. Patel	276120	2.55	276120	2.55	276120	2.55
2.	Gajjar Kalpesh	266220	2.46	266220	2.46	266220	2.46
3.	Tejas Rohitkumar Shah	261180	2.41	261180	2.41	261180	2.41
4.	Anjana Rajesh Vora	215000	1.99	215000	1.99	215000	1.99
5.	Bharatkumar Suresh Bhatt	215000	1.99	215000	1.99	215000	1.99
6.	Sanjay C. Agrawal	215000	1.99	215000	1.99	215000	1.99
7.	Janmajay Virendra Gandhi	119000	1.10	119000	1.10	119000	1.10
8.	Kishor Pranjiwandas Mandaliya	115000	1.06	115000	1.06	115000	1.06
9.	Suresh D. Majithia	115000	1.06	115000	1.06	115000	1.06
10.	Hasmukh Dipchand Majithia	100000	0.92	100000	0.92	100000	0.92
11.	Mandalia Vipulkumar Zaverilal	100000	0.92	100000	0.92	100000	0.92
Date wise Increase/ Decrease in Share holding during the yr specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity		No Change	No Change	No Change	No Change	No Change	No Change

**v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Rajesh P. Khandwala	Nil	Nil	Nil	Nil	Nil	Nil
2	Mrs. Sonal R. Khandwala	Nil	Nil	Nil	Nil	Nil	Nil
3	Mr. Dharmendra N. Soni	180	0.00	180	0.00	180	0.00
4	Mr. Devang M. Shah	Nil	Nil	Nil	Nil	Nil	Nil
5	Mr. Bhavik J. Shah	Nil	Nil	Nil	Nil	Nil	Nil
6	Ms. Krupa N. Joshi	Nil	Nil	Nil	Nil	Nil	Nil
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer/ bonus/ sweat equity etc):		Nil	Nil	Nil	Nil	Nil	Nil

## V. INDEBTEDNESS:

*Indebtedness of the Company including interest outstanding/accrued but not due for payment*

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	22285137	0	0	22285137
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	22285137	0	0	22285137
<b>Change in Indebtedness during the financial year</b>				
· Addition	0	1702691267	0	1702691267
· Reduction	22285137	1464030250	0	1486315387
<b>Net Change</b>	22285137	238661017	0	216375880
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	233350000	0	233350000
ii) Interest due but not paid	0	5311017	0	5311017
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	238661017	0	238661017

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### *A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

Sr. no.	Particulars of Remuneration	Name of MD/ <del>WTD</del> / Manager	Total Amount
		<b>Mr. Rajesh P. Khandwala</b>	
1.	Gross salary: (Rs.)  (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	6,00,000	6,00,000
2.	Stock Option	NA	NA
3.	Sweat Equity	NA	NA
4.	Commission - as % of profit - others, specify...	NA	NA
5.	Others, please specify	NA	NA
	<b>Total (A)</b>	<b>6,00,000</b>	<b>6,00,000</b>
	<b>Ceiling as per the Act</b>	<b>9,41,436</b>	<b>9,41,436</b>

**B. Remuneration to other directors:**

Particulars of Remuneration	Name of Directors			Total Amount
	Mrs. Sonal R. Khandwala	Mr. Dharmendra N. Soni	Mr. Devang M. Shah	
<b>Independent Directors</b>				
• Fee for attending board/ committee meetings	---	40,000	40,000	80,000
• Commission	---	---	---	---
• Others, please specify	---	---	---	---
<b>Total (1)</b>	---	40,000	40,000	80,000
<b>Other Non-Executive Directors</b>				
• Fee for attending board/ committee meetings	---	---	---	---
• Commission	---	---	---	---
• Others, please specify	---	---	---	---
<b>Total (2)</b>	---	---	---	---
<b>Total (B)=(1+2)</b>	---	40,000	40,000	80,000
Total Managerial Remuneration	---	---	---	---
Overall Ceiling as per the Act				2,07,11,592

**C. Remuneration to Key Managerial Personnel other than MD /Manager/ WTD**

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
1	Gross salary: (Rs.) (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	287495	416650	704145
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--
5.	Others, please specify	--	--	--
	<b>Total</b>	<b>287495</b>	<b>416650</b>	<b>704145</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the companies act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
NA	NA	NA	NA	NA	NA

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2015**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**SECRETARIAL AUDIT REPORT OF KIFS FINANCIAL SERVICES LIMITED**  
**FOR THE FINANCIAL YEAR ENDED**  
**31<sup>ST</sup> MARCH, 2015**

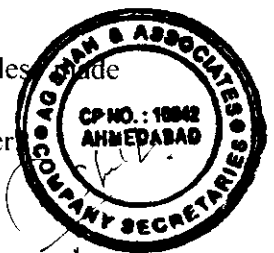
To,  
The Members,  
KIFS Financial Services Limited  
B/81 Pariseema Complex,  
C G Road, Gulbai Tekra,  
Ahmedabda - 380006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIFS Financial Services Limited** CIN : **L67990GJI995PLC025234** ("the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our 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, We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder



- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VI. Reserve Bank of India Guidelines For NBFC as Company is NBFC Company

We have also examined compliance with the applicable clauses of the following:

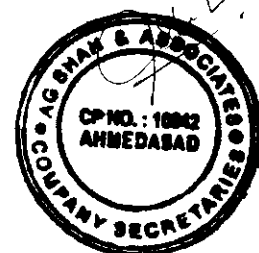
- I. Secretarial Standards issued by The Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with Stock Exchange(s) namely BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. As the Company is liable for Service Tax Act, the Company has applied for Service Tax registration and the said application is under process at the end of the financial year.

**We further report that**

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




2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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 decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
3. 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.
4. During the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Date: 28/05/2015**  
**Place: Ahmadabad**

**FOR AG SHAH & ASSOCIATES**  
**(Company Secretary)**

Ashish Shah  
Proprietor  
CP. NO.: 10642  
M. NO.: 29017



**Certificate by Auditors on Corporate Governance**

To  
**The Members of  
KIFS FINANCIAL SERVICES LIMITED**

We have reviewed and examined all the relevant records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Bombay Stock Exchange (BSE Limited), for the financial year ended 31<sup>st</sup> March 2015.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the Company, we hereby certify that the Company has complied with all the conditions as stipulated in Clause 49 of the Listing Agreements.

**For and on behalf of Shailesh C. Parikh & Co.**  
**Chartered Accountants**  
**(FRN No: 109858W)**  
**Sd/-**  
**Shailesh Parikh**  
**Proprietor**  
**Membership Number: 039254**

Place: Ahmedabad  
Date: 28/05/2015

---

**As required by Clause 49 of the Listing Agreement, the declaration for  
Code of Conduct is given below:**

To  
**The Members of  
KIFS FINANCIAL SERVICES LIMITED**

I Rajesh P. Khandwala, Chairman-cum-Managing Director of KIFS Financial Services Limited hereby declare that all the Senior Managerial Personnel have affirmed for the year ended 31<sup>st</sup> March, 2015 compliance with the code of conduct of the Company laid down for them.

**Sd/-**  
**Rajesh P. Khandwala**  
**Chairman-cum-Managing Director**

Place: Ahmedabad  
Date: 28/05/2015

**Chief Executive Officer (CEO) & Chief Financial Officer (CFO) Certification**

To  
**The Board of Directors**  
**KIFS FINANCIAL SERVICES LIMITED**

Dear Sirs,

I have reviewed the financial statements and the cash flow statement of KIFS Financial Services Limited for the year ended 31<sup>st</sup> March, 2015 and that to the best of my knowledge and belief:

- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- there are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- I have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which I might be aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you  
Yours faithfully,

**Sd/-**

**Rajesh P. Khandwala**  
**Chairman-cum-Managing Director**

Date: 28/05/2015





**SHAILESH C. PARIKH & CO.**  
**CHARTERED ACCOUNTANTS**

412, 4th Floor, Ashwamegh Avenue,  
Mayur Colony, Nr. Mithakhali Circle,  
Navrangpura, Ahmedabad - 380 009.  
Ph.: (0) 2640 8930  
Tele Fax : 91 - 079 - 2642 1975  
M.: 98250 35883  
email : parikhshah412@yahoo.com

**INDEPENDENT AUDITOR'S' REPORT**

**TO THE MEMBERS OF  
KIFS FINANCIAL SERVICES LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **KIFS FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information.

**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 Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

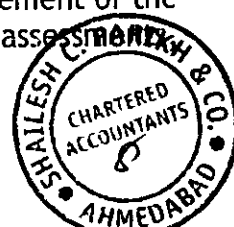
**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments,



the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

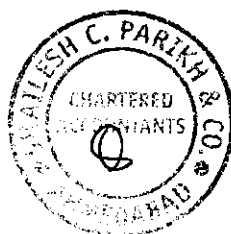
- a) In the case of the Balance Sheet of the state of affairs of the company's at March 31,2015;
- b) In the case of the Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

i) As required by the Companies (Auditor's Report) Order,2015 ("the order"), as issued by Central Government of India in terms of sub section (11) of section 143 of Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the order.

ii) As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company does not have any pending litigations which would impact its financial position.
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Ahmedabad  
Date : 28/05/2015



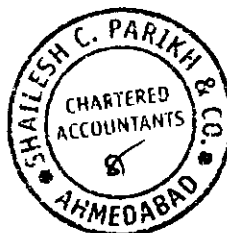
For Shailesh C. Parikh & Co  
Chartered Accountants  
FRN : 109858W

[Shailesh C. Parikh]  
Proprietor  
Mem No. 039254

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the KIFS FINANCIAL SERVICES LIMITED on the financial statements for the year ended 31 March 2015, We report that:

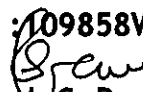
1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
b) As explained to us, a substantial portion of the Fix Assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
2. The Company is Non Banking Finance Company and it does not hold any physical inventories. Hence the question of physical verification and proper maintenance of inventory records does not arise.
3. a) According to the information and explanation given to us the Company has granted loans, Secured or unsecured to Four companies/firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013, the closing balance due from the above parties as at 31st March, 2015 is ₹ 9,54,69,550/- and the maximum amount involved during year was ₹ 12,37,34,748/-.  
b) In respect of loans granted to Companies covered in the register maintained under section 189 of the Companies Act, 2013. The Principal amounts, are repayable on demand and there is no repayment schedule.  
c) In respect of aforesaid loan specified in para 3(a) above, the same are repayable on demand and therefore the question of overdue amount does not arise.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to disbursement and recovery of loans under micro finance program and for purchase of fixed assets. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and consequently directives issued by Reserve Bank of India and Provisions of section 73 to 76 or any other relevant provision of the Companies Act and rules framed there under are not applicable to the company.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including income tax, service tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. However, in case of delays in few instances the same has been deposited along with interest due thereon.



According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no material dues of Income tax & Service Tax which have not been deposited with the appropriate authorities on account of any dispute.
  - c) According to the information and explanations given to us there are no amounts payable to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
9. In our opinion and according to the information and the explanations given to us, the Company has not defaulted in repayment of dues to financial institution/banks during the year.
10. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions which are prejudicial to the interest of the company.
11. To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, the cash credit & other facilities obtained during the year were, applied by the Company for the purpose for which they were obtained.
12. During the course of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
13. For NBFC (Not accepting public deposits)
- a. The company is registered u/s 45 IA of the RBI Act, 1934 and obtained certificate.
  - b. The Board of Directors has passed a resolutions for the non-acceptance of any public deposit.
  - c. During the year Company has not accepted any public deposit.
  - d. The Company has complied with the prudential norms relating to Income Recognition, Accounting Standards, Assets classification and Provisioning for Bad & Doubtful debts as applicable to it.

Place : Ahmedabad  
Date : 28/05/2015

For, Shailesh C. Parikh & Co  
Chartered Accountants  
FRN : 109858W  
  
[Shailesh C. Parikh]  
Proprietor  
Mem No. 039254



## KIFS FINANCIAL SERVICES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

---

#### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

##### a) Corporate Information :

KFSL incorporated under the provisions of the Companies Act, 1956 on 29<sup>th</sup> March, 1995 [CIN: L67990GJ1995PLC025234] is a Non Banking Financial Company registered with the Reserve bank of India (RBI) under the provisions of section 45-IA of the RBI Act, 1934 as a Loan Company (RBI registration no. 01.00007 dated 18.02.1998). KFSL is a public limited company and is listed on Bombay Stock Exchange Ltd. It offers capital market products like Margin Trading, Loan against shares (LAS) and Funding Primary Market issues for the retail investors. It is proposing to enter into the business of Investment Adviser and has obtained registration with SEBI as "Investment Adviser" under SEBI (Investment Advisers) Regulations, 2013 vide registration no. INA000001852 dated 13th June, 2014.

##### b) Basis of Preparation of Financial Statements:

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. The financial statements are prepared in accordance with the accounting standards notified by the Central Government, in terms of section 133 of the companies act, 2013 read with Rule 7 and guidelines issued by the Securities and Exchange Board of India (SEBI) and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company (NBFC). The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

##### c) Use of Estimates:

The preparation of financial statements in conformity with the India GAAP requires the management of the company to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

##### d) Revenue Recognition :

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Income from operations which comprises interest income, advisory fees and other income are all accounted for on accrual basis.



**KIFS FINANCIAL SERVICES LTD**  
**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015**

		Note No.	As at 31.03.2015 ₹	As at 31.03.2014 ₹
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>SHAREHOLDERS' FUNDS:</b>			
	(a) Share Capital	2	108180000	108180000
	(b) Reserves & Surplus	3	105233654	92936808
			213413654	201116808
<b>2</b>	<b>NON CURRENT LIABILITIES</b>			
	(a) Long Term Borrowings		0	0
	(b) Deferred Tax Liabilities (Net)	17.8	0	7361
	(c) Long Term Provisions		0	0
			0	7361
<b>3</b>	<b>CURRENT LIABILITIES</b>			
	(a) Short Term Borrowings	4	238661017	22285137
	(b) Trade Payables		0	0
	(c) Other Current Liabilities	5	2177708	3513773
	(d) Short Term Provisions	6	21192780	11798768
			262031505	37597678
	<b>TOTAL</b>		<b>475445159</b>	<b>238721847</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>NON CURRENT ASSETS</b>			
	(a) Fixed Assets			
	(i) Tangible Assets	7	44420	52728
	(ii) Capital Work-In-Progress		0	0
			44420	52728
	(b) Non Current Investments		0	0
	(c) Deferred tax assets (net)		1635	0
	(c) Long Term Loans and Advances	8	116300	116300
	(d) Other Non Current Assets	9	340345	510517
			502700	679545
<b>2</b>	<b>CURRENT ASSETS</b>			
	(a) Inventories		0	0
	(b) Trade Receivables		0	0
	(c) Cash and Cash Equivalents	10	36301794	32039790
	(d) Short Term Loans and Advances	11	438640666	206002513
			474942460	238042303
	<b>TOTAL</b>		<b>475445159</b>	<b>238721847</b>
Notes Forming Part of the Financial Statements		1 to 17		

As per our attached report of even date

For and on behalf of Board Of Directors of  
KIFS Financial Services Ltd

For Shailesh C. Parikh & Co.

Chartered Accountants

FRN: 109858W

Shailesh C. Parikh

Proprietor - Mem No. F 039254

Place: Ahmedabad

Date: 28-05-2015



Rajesh Khandwala  
(Managing Director)

Krupa Joshi  
(Company Secretary)

Place: Ahmedabad

Date: 28-05-2015

Dharmendra Soni  
(Director)

Bhavik Shah  
(Chief Fin. Officer)

# KIFS FINANCIAL SERVICES LTD

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

	Note No.	For the year 2014-15	For the year 2013-14
		₹	₹
<b>INCOME</b>			
1 Revenue from Operations	12	38078158	47448132
2 Other Income	13	878	257416
3 <b>Total Revenue</b>		<b>38079036</b>	<b>47705548</b>
<b>EXPENDITURE</b>			
(a) Employee Benefits Expense	14	2210585	1938154
(b) Finance Costs	15	6336184	20923640
(c) Depreciation	7	21505	17171
(d) Other Expenses	16	1479038	1055102
<b>Total Expenses</b>		<b>10047312</b>	<b>23934066</b>
5 <b>Profit Before Exceptional and Extraordinary Items and Tax</b>		<b>28031724</b>	<b>23771482</b>
6 Exceptional Items (MAT Credit Entitlement net of Current Year's utilisation)		0	0
7 <b>Profit Before Extraordinary Items and Tax</b>		<b>28031724</b>	<b>23771482</b>
8 Extraordinary Items		0	0
9 <b>Profit Before Tax</b>		<b>28031724</b>	<b>23771482</b>
10 <b>Tax Expense:</b>			
(a) Current Tax (Including of Current Year's Mat Credit)		9212000	7739000
(b) Excess Provision of Earlier Years		0	0
(c) Net Tax Expense		9212000	7739000
(d) Deferred Tax		8996	1311
		9203004	7740311
11 <b>Profit After Tax</b>		<b>18828720</b>	<b>16031171</b>
12 <b>Earnings Per Share (of ₹ 10/- each):</b>	17.7		
(a) Basic		1.74	1.48
(b) Diluted		1.74	1.48
Notes Forming Part of the Financial Statements	1 to 17		

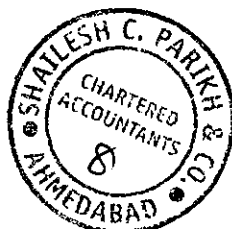
As per our attached report of even date

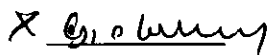
For and on behalf of Board Of Directors of  
KIFS Financial Services Ltd

For Shailesh C. Parikh & Co  
Chartered Accountants  
FRN: 109858W

Shailesh Parikh  
Proprietor - Mem No. F 039254

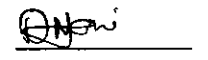
Place: Ahmedabad  
Date: 28-05-2015



X   
Rajesh Khandwala  
(Managing Director)

  
Krupa Joshi  
(Company Secretary)

Place: Ahmedabad  
Date: 28-05-2015

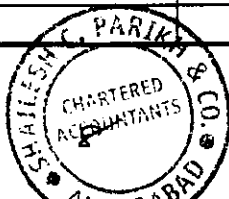
  
Dharmendra Soni  
(Director)

  
Bhavik Shah  
(Chief Fin. Officer)



# KIFS FINANCIAL SERVICES LTD

Cash Flow Statement for the Year Ended on		31-03-2015		31-03-2014	
A	Cash Flow from the operating Activities	₹	₹	₹	₹
	Net Profit After Tax and without Deffered Tax		18819725		16032482
	Add : Adjustments For :				
	Depreciation	21505		17171	
	Misc. Expenses Written Off	170172		170172	
		191677		187343	
	Less:				
	Profit on Sale of Fixed Assets	0		0	
			191677		187343
	Operating Profit Before working Capital Changes		19011402		16219825
	Add: Decrease in Working Capital				
	Long Term Loan & Advance Decreased	0		2268492	
	Short Term Provision Increased	9394013		2497293	
	Other Current Liabilities Increased	0		2329018	
	Short Term Borrowings Incresased	216375880		22285137	
	Loans & Advances Reduced	0		0	
	Inventories decreased	0		0	
	Less: Increase in Working Capital				
	Long Term Loans & Advances Given	0		0	
	Short Term Loans & Advances Increased	232638153		40245741	
	Other Current Liabilities Decreased	1336065		0	
	Short Term Provision Decreased	0		0	
			-8204326		-10865801
	Cash Generated From Operations		10807076		5354024
	Less : Misc. Expenses Incurred		0		0
	Net Cash Flow From Operating Activities	(A)	10807076	(A)	5354024
B	Cash Flow From Investing Activities				
	Inflows				
	Increase in Share Capital & Share Premium	0		0	
	Sale of Investments	0		0	
	Interest Received	0		0	
			0		0
	Out Flows				
	Puechase of Fixed Assets	34800		30000	
	Purchase of Investments	0		0	
	Interest paid	0		0	
			34800		30000
	Net Cash used in Investing Activities	(B)	-34800	(B)	-30000



C	<b>Cash Flow From Financing Activities</b>				
	Increase in Unsecured Loans		0	0	
	Increase in Secured Loans		0	0	
			0		0
	Less:				
	Payment of Dividend & Dividend Tax		6510272		6328259
	Repayment of Short Term Borrowing		0		0
	<b>Net Cash Used in Financing Activities</b>		(C) -6510272	(C)	-6328259
	Net Decrease / Increase in Cash & Cash Equivalents		4262004		-1004235
	Cash & Cash Equivalents (Opening Balance)		32039790		33044025
	Cash & Cash Equivalents (Closing Balance)		36301794		32039790

As per our report of even date  
Attached herewith

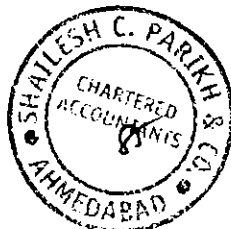
For, KIFS Financial Services Ltd.

For, Shailesh C. Parikh and Co.

Chartered Accountants

*Sh*

Shailesh C. Parikh  
Proprietor



Place : Ahmedabad  
Date : 28-05-2015

*Rajesh Khandwala*

Rajesh Khandwala  
(Managing Director)

*Dharmendra Soni*

Dharmendra Soni  
(Director)

*Krupa Joshi*

Krupa Joshi  
(Company Secretary)

*Bhavik Shah*

Bhavik Shah  
(Chief Fin. Officer)

Place : Ahmedabad  
Date : 28-05-2015

# KIFS FINANCIAL SERVICES LTD

## Notes Forming Part of the Financial Statements

### Note 2: SHARE CAPITAL

	As at 31.03.2015		As at 31.03.2014	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹10 each with voting rights	11000000	110000000	11000000	110000000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹10 each with voting rights	10818000	108180000	10818000	108180000
Total		108180000		108180000
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
	Opening Balance	Bonus Shares Issued	Preferential Issue	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2015				
- Number of shares	10818000	0	0	10818000
- Amount (₹)	108180000	0	0	108180000
Year ended 31 March, 2014				
- Number of shares	10818000	0	0	10818000
- Amount (₹)	108180000	0	0	108180000
(ii) Details of Shareholders holding more than 5% shares:				
Class of shares / Name of shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights KIFS Securities Ltd (Holding Company)*	8050000	74.41	8050000	74.41
* Apart this there are no shares of company is held by ultimate holding company or subsidiary & associates of holding company or ultimate holding company				

(iii) The Company has issued only one class of shares referred to as Equity Shares having a par value of ₹ 10/-. All Equity Shares carry one vote per share without restrictions and are entitled to Dividend, as and when declared. All shares rank equally with regard to the Company's residual assets.



**KIFS FINANCIAL SERVICES LTD.****Notes Forming Part of the Financial Statements****NOTE 3: RESERVES AND SURPLUS**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
<b>(a) Special Reserve</b>		
Opening Balance	26400000	23189000
Add: Transferred from Surplus in Statement of Profit & Loss	3766000	3211000
Closing Balance	30166000	26400000
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	17855808	11363897
Add: Profit for the Year	18828720	16031171
Less: Adjustment for Depreciation	-21602	0
	36662926	27395068
Less: Transferred to/Appropriations:		
Special Reserve	(3766000)	-3211000
Proposed Final Dividend	(5409000)	-5409000
Tax on Final Dividend	(1101272)	-919260
Reserves Utilized for Bonus Shares	0	0
Closing Balance	26386654	17855808
<b>(c) Share Premium</b>	48681000	48681000
<b>Total</b>	<b>105233654</b>	<b>92936808</b>

**NOTE 4: SHORT TERM BORROWINGS**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
<b>(a) Working Capital Loans ( Over Draft against Fixed Deposits)</b>		
<b>From Banks</b>		
Secured	0	22285137
Unsecured	0	0
<b>From Others</b>		
Corporate Bodies (Unsecured)	238661017	0
<b>Total</b>	<b>238661017</b>	<b>22285137</b>

**Notes:-**

- (i) Over Draft is primarily secured by way of first charge over the Fixed Deposit in the name of the company.



**KIFS FINANCIAL SERVICES LTD**  
**Notes Forming Part of the Financial Statements**

**NOTE 5: OTHER CURRENT LIABILITIES**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
<b>(a) Other payables</b>		
(i) Statutory Remittances	816552	2029491
(ii) Advances from Customers/Clients	0	75000
(iii) Others		
a. Creditors for Expenses	35512	26932
b. Unclaimed Dividend *	1325644	1382350
<b>Total</b>	<b>2177708</b>	<b>3513773</b>
[*] There are no amounts due and outstanding to be credited to Investor Education and Protection Fund		

**NOTE 6: SHORT TERM PROVISIONS**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
<b>(a) Provision - Others</b>		
(i) Proposed Equity Final Dividend	5409000	5409000
(ii) Tax on Proposed Equity Dividend	1101272	919260
(iii) Provision for Current Tax		
For F.Y. 2013-14	5470508	5470508
For F.Y. 2014-15	9212000	0
(Net of Current Year's Mat Credit Utilised)		
<b>Total</b>	<b>21192780</b>	<b>11798768</b>

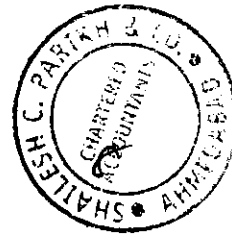


# KIFS FINANCIAL SERVICES LTD

## Notes Forming Part of the Financial Statements

### NOTE 7: FIXED ASSETS

Tangible Assets	Gross block (At Cost)						Accumulated Depreciation				Net Block	
	Balance as at 01.04.2014	Additions during the year	Disposals during the year	Other adjustments	Balance as at 31.03.2015	Balance as at 01.04.2014	Depreciation for the year	Adjustment for Earlier Year Depreciation	Eliminated on disposal of assets	Balance as at 31.03.2015	Balance as at 31 March, 2015	Balance as at 31 March, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a. Xerox Machine	93600	0	-		93600	68620	0	20300	-	88920	4680	24980
b. Telephone	60386	34800	-		95186	55759	8337	1607	-	65703	29483	4627
c. Airconditioner	56000	0	-		56000	52087	0	1113	-	53200	2800	3913
d. Computers	70000	0	-		70000	50793	13168	-1418	-	62543	7457	19207
<b>Total</b>	<b>279986</b>	<b>34800</b>	<b>0</b>	<b>0</b>	<b>314786</b>	<b>227259</b>	<b>21505</b>	<b>21602</b>	<b>0</b>	<b>270366</b>	<b>44420</b>	<b>52727</b>
Previous year	249986	30000	0	0	279986	210088	17171	0	0	227259	52727	39898



**KIFS FINANCIAL SERVICES LTD****Notes Forming Part of the Financial Statements****NOTE 8: LONG TERM LOANS AND ADVANCES**

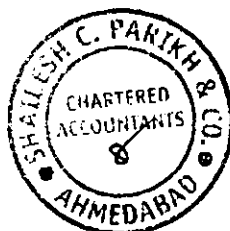
	As at 31.03.2015	As at 31.03.2014
	₹	₹
(a) Security Deposits		
Unsecured, Considered Good	116300	116300
<b>Total</b>	<b>116300</b>	<b>116300</b>

**NOTE : 9 OTHER NON CURRENT ASSETS**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
Misc Exp. To The Extent Not W/Off		
Op. Balance	510517	680689
Add : Incured During the Year	0	0
	510517	680689
Less : W/Off During Year	170172	170172
<b>Total</b>	<b>340345</b>	<b>510517</b>

**NOTE 10: CASH AND CASH EQUIVALENTS**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
(a) Cash on Hand	66270	131568
(b) Balances with Banks		
(i) In Current Accounts	7735524	3408222
(ii) In Fixed Deposit Accounts	28500000	28500000
<b>Total</b>	<b>36301794</b>	<b>32039790</b>



**KIFS FINANCIAL SERVICES LTD****Notes Forming Part of the Financial Statements****NOTE 11: SHORT TERM LOANS AND ADVANCES**

	As at 31.03.2015	As at 31.03.2014
	₹	₹
(a) Loans and Advances to Parties Secured, Considered Good	423248142	199404213
(b) Balances with Government Authorities	14833692	6192753
(c) Interest Receivable Unsecured, Considered Good	155832	146047
(d) Loans to Staff	323000	259500
(e) Prepaid Expenses	80000	0
<b>Total</b>	<b>438640666</b>	<b>206002513</b>





# KIFS FINANCIAL SERVICES LTD

## Notes Forming Part of the Financial Statements

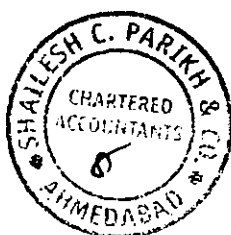
### NOTE 12: REVENUE FROM OPERATIONS

		For the year 2014-15	For the year 2013-14
		₹	₹
(a)	Revenue From Operations	38078158	47448132
	Total	38078158	47448132

Note		For the year 2014-15	For the year 2013-14
		₹	₹
(i)	Income from Operations comprises :		
	Interest Income	36162938	46928132
	Loan Processing Fees	5500	0
	Advisory Fees	1909720	520000
	Total - Income from Operations	38078158	47448132

### NOTE 13: OTHER INCOME

		For the year 2014-15	For the year 2013-14
		₹	₹
(a)	Profit on Trading in Govt. Securities (Net)	0	94628
(b)	Miscellaneous Income	878	160195
(c)	Excess Provision Written Back	0	2593
	Total	878	257416

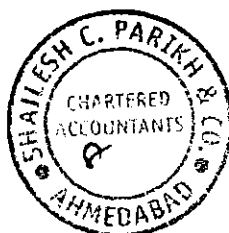


**KIFS FINANCIAL SERVICES LTD****Notes Forming Part of the Financial Statements****NOTE 14: EMPLOYEE BENEFITS EXPENSE**

	For the year 2014-15	For the year 2013-14
	₹	₹
Salaries and Bonus	1599650	1338154
Director Remuneration	600000	600000
Staff Training & Welfare Expenses	10935	0
<b>Total</b>	<b>2210585</b>	<b>1938154</b>

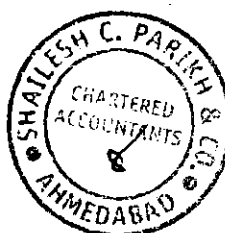
**NOTE 15: FINANCE COSTS**

	For the year 2014-15	For the year 2013-14
	₹	₹
Interest Expense		
a. To Banks	435054	871063
b. To Others	5901130	20052577
<b>Total</b>	<b>6336184</b>	<b>20923640</b>



**KIFS FINANCIAL SERVICES LTD****Notes Forming Part of the Financial Statements****NOTE 16: OTHER EXPENSES**

	For the year 2014-15	For the year 2013-14
	₹	₹
Advertisement Expenses	60603	71431
Advisory Charges	0	9363
Auditors Remuneration	30000	30000
Bank Charges	1717	2844
Business promotion	84112	0
Computer Maintanance Exp.	0	15362
Demat & Depository (Registrar) Charges	70540	45336
Director's Sitting Fees	80000	80000
Electricity	60000	60000
Lease Rent	67416	67416
Legal & Professional Fees	147586	143201
Legal & Stamp Charges	5490	42718
Listing Fees	112360	153259
ROC Filing Fees	7568	1527
Office & General Expenses	2764	7295
Other Interest (paid for late payment of Statutory Dues)	1452	0
Postage & Courier Charges	24944	13039
Prelimnery Exps. W/Off	170172	170172
Printing & Stationary Expenses	50557	122405
Professional Tax	2000	2000
Travelling Expenses	462649	0
SEBI Registration Fees (Investment Advisor)	20000	0
Xerox & Maintanance Expenses	17108	17733
<b>Total</b>	<b>1479038</b>	<b>1055102</b>
<b>Note:</b>		
	For the year 2014-15	For the year 2013-14
	₹	₹
Payments to the Auditors comprises :		
As Auditors - Statutory Audit	25000	25000
Taxation Matters	5000	5000
<b>Total</b>	<b>30000</b>	<b>30000</b>



**KIFS FINANCIAL SERVICES LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**NOTE 17: NOTES ON ACCOUNTS**

1. Previous year figures have been re-grouped/re-classified whenever necessary to correspond with the current year classification/disclosure.
2. Balance of receivables, payables and loans and advances parties are subject to their confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.

3. Break up of Payments to Auditors:

	(Amount in ₹)	
	2014-15 ₹	2013-14 ₹
(a) Statutory & Tax Audit	25,000	25,000
(b) Taxation Matters	5,000	5,000
	<b>30,000</b>	<b>30,000</b>

4. In the opinion of the board, current assets, loans & advances are approximately of the value stated if realized in the ordinary course of business.
5. Disclosure required for Employee Benefit (Revised 2005) as per Accounting Standard 15 of ICAI is not given as it is not applicable to the company for the year.
6. There are no dues to Micro, Small and Medium Enterprise as at 31<sup>st</sup> March, 2015. This information is required to disclose under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

7. Earnings per Share :

		(Amount in ₹)	
		31.03.2015	31.03.2014
[A]	Profit/(Loss) after Tax	18828720	16031523
[B]	Earning per Share [A\B]	10818000	10818000
	Number of Equity Shares (Face Value of ₹ 10/- Each)		
		1.74	1.48



8. Consequent to the accounting standard AS-22 effective from 1st April, 2002 dealing with "Accounting for taxes on Income" issued by the ICAI

The significant component and classification of deferred tax Assets and liabilities on account of timing differences are.

(Amount in ₹)		
PARTICULARS	31-03-2015	31-03-2014
A. Deferred tax Assets:		
Difference between Books & Tax Depreciation	1635	Nil
B. Deferred Tax Liabilities		
Difference between Books & Tax Depreciation	Nil	7361
NET DEFERRED TAX CREDIT FOR YEAR	8996	

9.

	2014-15	2013-14
Expenditure in Foreign Currency	Nil	Nil
Earnings in Foreign Currency	Nil	Nil

#### 10. Segment Reporting

The Company is engaged in the finance activity having mainly the interest income and there are no separate reportable segments as per Accounting Standard 17- "Segment Reporting" issued by the Institute of Chartered Accountants of India.

#### 11. Leases

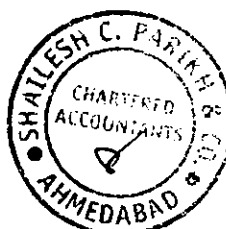
Lease payments made under cancellable operating lease amounting to ₹ 67,416.00/- (Previous year Rs. 67,416.00/-) disclosed as rent and the same have been recognized as an expenses in the profit and loss account.

#### 12. Impairment of Assets

Adoption of Accounting Standard 28 on impairment, as mentioned in the note on accounting policies does not have any impact on either profit for the year or on the net assets of the company at the year end.

#### 13. Contingent Liability

No contingent liability existed as at the date of Balance Sheet.



#### 14. Disclosure regarding depreciation

During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 01 April, 2014 and has written off an amount of Rs. (-) 21,602/- to Profit and Loss Account (Reserve & Surplus).

#### 15. Related Party Disclosure

As per the Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties and the details of transactions with them are as follows.

##### 15.1 List of Related Parties and Relationships:

###### Holding Company:

KIFS Securities Limited

###### Associate Company:

Aristo Traders Private Limited  
Khandwala Commercial Private Limited  
Khandwala Enterprise Private Limited  
Khandwala Fin Stock Private Limited  
MINK Tradecom Private Limited  
KIFS Trading LLP  
KIFS Motor Private Limited  
KIFS Reality Private Limited

###### Key Managerial Personnel:

Rajesh P. Khandwala

###### Relatives of Key Managerial Personnel:

Jayesh P. Khandwala  
Vimal P. Khandwala  
Minaxi P. Khandwala  
Kinnary J. Khandwala  
Sonal R. Khandwala  
Priyanka V. Khandwala




## 15.2 Related Party Transactions and Balances:

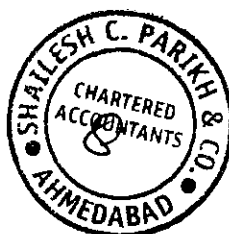
(₹ in Lacs)

Transaction	Holding/ Associates Companies	Key Managerial Personnel	Relative of Key Managerial Personnel	Total
Inter Corporate Loan Received (Max Balance During Year)	3558.74	-	-	3558.74
Inter Corporate Loan Given (Max Balance During Year)	1237.35	-	-	1237.35
Interest Recd on Loans	20.77	-	-	20.77
Interest Paid on Loans	59.01	-	-	59.01
Reimbursement of Expenses	1.27	-	-	1.27
Debit Balance outstanding as on 31-03-2015	954.70	-	-	954.70
Credit Balance outstanding as on 31-03-2015	2386.61	-	-	2386.61
Director Remuneration	-	6.00	-	6.00

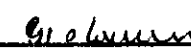
As per our report of even date


For, Shailesh C. Parikh & Co.,  
Chartered Accountants  
FRN : 109858W

  
(Shailesh C. Parikh)  
Proprietor  
M.No. : 039254



For, KIFS Financial Services Limited

X   
Rajesh Khandwala  
(Managing Director)

  
Dharmendra Soni  
(Director)

  
Krupa Joshi  
(Company Secretary)

  
Bhavik Shah  
(Chief Financial Officer)

Place: Ahmedabad  
Date : 28-05-2015

Place: Ahmedabad  
Date : 28-05-2015

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

<b>Name of the member(s)</b>	
<b>Registered Address</b>	
<b>E-mail id</b>	
<b>Folio No. / Client Id</b>	
<b>DP Id.</b>	

I/We \_\_\_\_\_ being the member(s) of  
\_\_\_\_\_ shares of KIFS Financial Services Ltd. hereby appoint

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/ her

2. Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/ her

3. Name: \_\_\_\_\_ Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/ our Proxy in my/ our absence to attend and vote (on a poll) for me/ us and on my/ our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 4<sup>th</sup> day of September, 2015 at 12:00 noon at the Registered Office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006 or at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions (Ordinary Businesses):	Optional*	
		For	Against
1.	To receive, consider and adopt the financial statements of the Company for the year ended on 31 <sup>st</sup> March, 2015,		
2.	To declare the final dividend for the year ended 31 <sup>st</sup> March, 2015		
3.	To appoint a director in place of Mrs. Sonal R. Khandwala, who retires by rotation and being eligible offers himself for re-appointment.		
4.	To ratify the appointment of Statutory Auditors of the Company and to fix their remuneration		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015

\_\_\_\_\_  
Signature of Member

Affix  
Revenue  
Stamp  
(Re.1/-)

\_\_\_\_\_  
Signature of 1<sup>st</sup> Proxy holder

\_\_\_\_\_  
Signature of 2<sup>nd</sup> Proxy holder

\_\_\_\_\_  
Signature of 3<sup>rd</sup> Proxy holder

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

\* it is optional to put a (✓) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For'/'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.





**ATTENDANCE SLIP**

<b>DP ID. CLIENT ID./ FOLIO No.</b>	
<b>NO. OF SHARES HELD</b>	

**NAME AND ADDRESS OF REGISTERED SHAREHOLDER/ PROXY\*:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I hereby record my presence at the **20<sup>th</sup> Annual General Meeting** of the Company held on **Friday, 4<sup>th</sup> day of September, 2015 at 12:00 noon at the Registered Office** of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006.

**Signature of Shareholder or Proxy:** \_\_\_\_\_

**Note:**

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of the meeting hall. Joint shareholders may obtain additional Attendance slip at the venue of the meeting.
2. Bodies Corporate, whether a Company or not, who are members, may attend through their authorised representative appointed under section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.

\*Applicable in case if proxy attends the meeting instead of Member.

**The Electronic voting particulars are set out below:**

<b>EVS (E-Voting Sequence Number)</b>	<b>USER ID</b>	<b>PASSWORD</b>
<b>150723003</b>		

**E-voting facility is available during the following voting period:**

<b>Commencement of E-voting</b>	Tuesday, 1 <sup>st</sup> September, 2015 (from 10:00 a.m.) (IST)
<b>End of E-voting</b>	Thursday, 3 <sup>rd</sup> September, 2015 (up to 5:00 p.m.) (IST)

**Note: Please refer instructions/ procedure for e-voting forming integral part of the Notice of 20<sup>th</sup> AGM.**