

# **KIFS FINANCIAL SERVICES LIMITED**

## **19<sup>TH</sup> ANNUAL REPORT - 2013 - 14**

### **BOARD OF DIRECTORS :**

1. Shri Rajesh P. Khandwala - Chairman-cum-Managing Director
2. Shri Devang M. Shah - Independent Director
3. Shri Dharmendra N. Soni - Independent Director
4. Mrs. Sonal R. Khandwala - Additional Director (w.e.f. 27/05/2014)

### **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.Central Bank of India - Ahmedabad
- 3.Bank of Maharashtra -- Ahmedabad

### **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.



A Khandwala Integrated Venture  
Invest your trust



# KIFS FINANCIAL SERVICES LIMITED

## NOTICE

**NOTICE** is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of **KIFS Financial Services Limited (Previously known as Khandwala Capital Services Ltd.)** will be held on Saturday, 6<sup>th</sup> day of September, 2014 at 2:00 p.m. at the Registered Office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad 380 006 for transacting the following businesses :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the financial statements of the Company for the year ended on 31<sup>st</sup> March, 2014, including the Audited Balance Sheet as at 31<sup>st</sup> March, 2014, 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 Mr. Rajesh P. Khandwala (DIN : 00477673), who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Statutory Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of third consecutive AGM and to fix their remuneration and, if thought fit, to pass 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, and pursuant to the recommendations of the Audit Committee, M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad, (FRN: 109858W) be and are hereby reappointed as the Statutory Auditors of the Company to hold office as such, from the conclusion of ensuing Annual General Meeting to the conclusion of the third consecutive Annual General Meeting of the Company i.e. till the conclusion of the Annual General Meeting held for the financial year 2016-17 (subject to ratification of the appointment by the members at every AGM held after this AGM) at a remuneration as may be decided by the Board in consultation with the Audit Committee and the Statutory Auditors.

### ”SPECIAL BUSINESS :

#### 5. Appointment of Mr. Dharmendra N. Soni as Independent Director.

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

**“RESOLVED THAT** Mr. Dharmendra N. Soni, (DIN - 01659489), an Independent Director of the Company pursuant to clause - 49 of the Listing Agreement entered into with BSE by the Company and whose term of office was liable to be determined for retirement by rotation of director under Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company pursuant to the provisions of section 149, 150, 152 of the Companies Act, 2013 read with Schedule - IV of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, Listing Agreement with BSE and Articles

of Association of the Company, and to hold the office as such for a period of upto five consecutive years i.e. from 27<sup>th</sup> May, 2014 to 26<sup>th</sup> May, 2019.”

**6. Appointment of Mr. Devang M. Shah as Independent Director.**

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

“**RESOLVED THAT** Mr. Devang M. Shah, (DIN - 01788760), an Independent Director of the Company pursuant to clause – 49 of the Listing Agreement entered into with BSE by the Company and whose term of office was liable to be determined for retirement by rotation of director under Companies Act, 1956, be and is hereby appointed as an Independent Director of the Company pursuant to the provisions of section 149, 150, 152 of the Companies Act, 2013 read with Schedule – IV of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014, Listing Agreement with BSE and Articles of Association of the Company, and to hold the office as such for a period of upto five consecutive years i.e. from 27<sup>th</sup> May, 2014 to 26<sup>th</sup> May, 2019.”

**7. Appointment of Mrs. Sonal R. Khandwala as Director liable to retire by rotation.**

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

“**RESOLVED THAT** pursuant to the provisions of section 149 (1), 152 and other applicable provisions of the Companies Act, 2013, read with Rule - 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Listing Agreement with BSE and Articles of Association of the Company, Mrs. Sonal Rajesh Khandwala, (DIN - 01788620), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27<sup>th</sup> May, 2014 and who holds the office until the date of this AGM in terms of section 161 of the Companies Act, 2013 and in respect of whom, the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Sonal R. Khandwala as a candidate for the office of director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation.”

**Place: Ahmedabad**  
**Date: 27/05/ 2014**  
**Regd. Office**  
**B - 81, Pariseema Complex,**  
**C. G. Road, Ellisbridge,**  
**Ahmedabad - 380006.**

**By Order of the Board**  
**For, KIFS FINANCIAL SERVICES LTD.**

**S/d**  
**Krupa Joshi**  
**Company Secretary**

**NOTES :**

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **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 at least 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.
3. 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.
4. Members' Register and Share Transfer Books shall remain closed from Tuesday the 02/09/2014 to Saturday the 06/09/2014 (both days inclusive) for purpose of payment of dividend to those members whose names stand on the Register of Members as on 06/09/2014 (AGM date).
5. 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.
6. 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, to those members whose names appear on the Register of Members as on 06/09/2014.
7. 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).
8. 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.
9. Physical Copies of the Annual Report 2014 are being sent to all the members at their registered address with the Company by the permitted mode.
10. The physical copies of the Notice of the 19<sup>th</sup> AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent to all members at their registered address by the permitted mode.
11. Members may also note that the Notice of the 19<sup>th</sup> AGM and the Annual Report 2014 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 Company.
14. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.



# KIFS FINANCIAL SERVICES LIMITED

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING**

**(Pursuant to Clause 49 of the Listing Agreement)**

Name	Mr. Dharmendra N. Soni (Appointment as Independent Director)	Mr. Devang M. Shah (Appointment as Independent Director)	Mrs. Sonal R. Khandwala (Appointment as Director)	Mr. Rajesh P. Khandwala (Reappointment as Director)
Date of Birth	09/10/1962	30/07/1963	05/08/1966	23/06/1964
Date of Appointment	28/12/2002	28/12/2002	27/05/2014	31/07/2010
Qualification	Bachelors Degree in Commerce	Bachelors Degree in Commerce	Bachelors Degree in Commerce	Bachelors Degree in Commerce
Experience	More than 16 years of experience in Securities Market as well as Financial Services sector	More than 18 years of experience in Securities Market as well as Financial Services sector	More than 17 years of experience in Securities Market as well as Financial Services sector	More than 25 years of experience in Securities Market as well as Financial Services sector
List of other public Companies in which he held Directorship as on 31/03/2014	NIL	NIL	NIL	KIFS Securities Ltd.
Chairman/Member of committee of the board of the other public companies as on 31/03/2014	NIL	NIL	NIL	KIFS Securities Ltd. Member - Audit Committee
Relationships between Directors inter-se	NA	NA	Relative of Mr. Rajesh P. Khandwala	Relative of Mrs. Sonal R. Khandwala
Equity shares held in the Company	180 Equity Shares of Rs. 10/- Each	NIL	NIL	NIL

**Explanatory Statement in respect of the Special Businesses pursuant to section 102(1) of the Companies Act, 2013:**

**Item No. 5 & 6 :**

The Directors viz; Mr. Dharmendra N. Soni and Mr. Devang M. Shah, have been on the Board of Directors of the Company since 28<sup>th</sup> December, 2002. They were designated as the Independent Directors pursuant to clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd. by the Company.

Regd. Office : B - 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad - 380 006. Web.: [www.kifsfinance.com](http://www.kifsfinance.com);  
E-mail : [cs@kifs.co.in](mailto:cs@kifs.co.in); Tel : 079 - 30000320 - 327; Fax : 07926403717; CIN : L67990GJ1995PLC025234

The Companies Act, 1956 did not provided for the appointment of Independent Directors. But the Companies Act, 2013, vide section 149(4) provides for the appointment of Independent Directors. It states that every listed public company shall have atleast one – third of the total number of Directors as Independent Directors. Section 149(5) also provides that every company existing on or before the date of commencement of this Act, shall within one year from such commencement or from the date of notification of the rules in this regard as may be applicable, comply with the requirements of sub-section (4). Such Independent Director shall hold office for a term upto five consecutive years on the Board of a Company [section 149(10)]. It is further clarified in the proviso to section 149(10) and (11) that any tenure of an Independent Director on the date of commencement of this Act shall not be counted as a term under the said sub-sections (10) & (11).

Your Board is of the opinion that both the Directors i.e. Mr. Dharmendra N. Soni and Mr. Devang M. Shah, fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as the Independent Directors of the Company. Both the Directors are well versed with the capital market and have huge experience in this field. The Board believes that their continued association with the Company would be of immense benefit to the Company.

Accordingly, the Board recommends for the approval by the shareholders, the resolution in relation to appointment of Mr. Dharmendra N. Soni and Mr. Devang M. Shah as the Independent Directors.

The Concerned Directors, Mr. Dharmendra N. Soni and Mr. Devang M. Shah, are interested in their respective resolutions being related to their own appointment. Other than the appointee Directors, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolutions as set out in item nos. 5 & 6 of the accompanying Notice.

**Item No. 7 :**

The Proviso to section 149(1) of the Companies Act, 2013 read with Rule 3(i) of the Companies (Appointment and Qualification of Directors) Rules, 2014, states that every listed Company shall have at least one woman director on the Board of the Company. To comply with the said provisions of the section 149(1) of the Companies Act, 2013 and Rules thereunder, Mrs. Sonal R. Khandwala was appointed as the Additional Director by the Board with effect from 27/05/2014 in accordance with section 161 of the Companies Act, 2013 read with the Articles of Association of the Company.

Mrs. Sonal R. Khandwala will hold office upto the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member alongwith a deposit of Rs. 1,00,000/- proposing the



## **KIFS FINANCIAL SERVICES LIMITED**

candidature of Mrs. Sonal R. Khandwala for being appointed as the Director liable to retire by rotation as contained in section 152 of the Companies Act, 2013.

The Company has received from Mrs. Sonal R. Khandwala, (i) consent in writing to act as Director in Form DIR - 2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014, and (ii) intimation in form DIR - 8 prescribed under the said Rules, to the effect that she is not disqualified under section 164(2) of the Companies Act, 2013.

Accordingly, the Board recommends for the approval by the shareholders, the resolution in relation to appointment of Mrs. Sonal R. Khandwala as the Director liable to retire by rotation.

The Concerned Director, Mrs. Sonal R. Khandwala, is interested in the resolution being related to her own appointment and Mr. Rajesh P. Khandwala is interested in the resolution being relative to Mrs. Sonal R. Khandwala.

Other than the above mentioned Directors, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution as set out in item nos. 7 of the accompanying Notice.

**Place: Ahmedabad**  
**Date: 27/05/ 2014**  
**Regd. Office**  
**B - 81, Pariseema Complex,**  
**C. G. Road, Ellisbridge,**  
**Ahmedabad - 380006.**

**By Order of the Board**  
**For, KIFS FINANCIAL SERVICES LTD.**

**S/d**  
**Krupa Joshi**  
**Company Secretary**

## DIRECTORS' REPORT

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

Your Directors have pleasure in presenting their 19<sup>th</sup> Annual Report of the Company together with Audited Statement of Accounts for the FY ended on 31<sup>st</sup> March, 2014.

### **FINANCIAL RESULTS**

**(Rs. In Lacs)**

Particulars	2013 - 14	2012 - 13
Revenue from Operations	474.48	182.30
Other Income	2.57	2.44
<b>Total Income</b>	<b>477.05</b>	<b>184.74</b>
<b>Total Expenditure</b>	<b>239.34</b>	<b>36.76</b>
Profit / Loss Before Exceptional Items and Provision for Tax	237.71	147.98
Exceptional Items	0.00	0.00
Profit Before Tax	237.71	147.98
Provision for Taxation	77.39	41.50
<b>Net Profit</b>	<b>160.32</b>	<b>106.48</b>

### EARNINGS PER SHARE

**(Rs.)**

<b>Basic &amp; Diluted</b>	<b>1.48</b>	<b>1.57</b>
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### **REVIEW OF OPERATIONS**

During the year under review, total income of the Company has increased to Rs. 477.05 Lacs as compared to Rs. 184.74 Lacs earned during the previous year showing a rise of about more than 150%. The rise in the income of the Company is because of the interest earned on primary market funding as new IPOs were initiated in the FY 2012-13 as well as by interest earned on loans against shares.

On the other side, the total expenditure of the Company, during the current year has also increased from Rs. 36.76 Lacs to Rs. 239.34 Lacs due to increase in finance costs which consists mainly of interest on borrowings.

The Net profit of the company after providing for all expenditure, necessary provisions and prior period adjustments stood at Rs. 160.32/- lacs compared to Rs. 106.48/- lacs of previous year showing a rise of about 50.00%.

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

### **DIVIDEND**

Keeping in view the overall performance during the year, your Directors recommend a 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, 2014. 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 sum of Rs. 6328260/-.

## **DIRECTORS**

Pursuant to provisions of Section-152 of the Companies Act, 2013 and in accordance with the Articles of Association of the Company, Mr. Rajesh P. Khandwala, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Mr. Rajesh P. Khandwala is the Managing Director. As such on his reappointment, he will resume to the office of the Managing Director. The Board of Directors recommends his re-appointment.

The Directors viz; Mr. Dharmendra N. Soni and Mr. Devang M. Shah, have been on the Board of Directors of the Company since 28<sup>th</sup> December, 2002. They were designated as the Independent Directors pursuant to clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Ltd. by the Company. But as per the new Companies Act, 2013, Mr. Dharmendra N. Soni and Mr. Devang M. Shah are required to be appointed as the Independent Directors in terms of section 149 of the Companies Act, 2013. They shall hold office for a term upto five consecutive years on the Board of a Company subject to approval by the members in the ensuing Annual General Meeting.

Your Board is of the opinion that both the Directors i.e. Mr. Dharmendra N. Soni and Mr. Devang M. Shah, fulfill the conditions specified in the Companies Act, 2013 and the rules made thereunder for being appointed as the Independent Directors of the Company. Both the Directors are well versed with the capital market and have huge experience in this field. The Board believes that their continued association with the Company would be of immense benefit to the Company.

Further, 149 of the Companies Act, 2013 also contain the provisions for appointment of a Woman Director on the Board of the Company. As such, Mrs. Sonal R. Khandwala was appointed as the Additional Director by the Board with effect from 27/05/2014 in accordance with section 161 of the Companies Act, 2013 read with the Articles of Association of the Company. Mrs. Sonal R. Khandwala will hold office upto the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a member alongwith a deposit of Rs. 1,00,000/- proposing the candidature of Mrs. Sonal R. Khandwala for being appointed as the Director liable to retire by rotation as contained in section 152 of the Companies Act, 2013.

## **DE-LISTING**

Presently, the Equity Shares of your Company are listed at Bombay Stock Exchange Ltd. (BSE). Earlier the Equity Shares were also listed at Ahmedabad Stock Exchange Ltd. (ASE) and Vadodara Stock Exchange Ltd. (VSE). Since there was no liquidity/ total absence of trading for a considerable long period of time in ASE and VSE, your Company decided to get its Equity Shares delisted from the said Stock Exchanges viz; ASE and VSE. Therefore, based on Regulation 6(a) of SEBI Delisting Regulations, which provides that a Company can voluntarily delist its securities from regional stock exchanges, if the equity shares continue to remain listed on the stock exchange(s) having nationwide trading terminals like BSE, your Company made an application to ASE and VSE for voluntary delisting of its entire 10818000 Equity Shares from the said Exchanges viz; ASE and VSE.

The Equity Shares of the Company were delisted from VSE and ASE vide their approval letters dated 30<sup>th</sup> October, 2013 and 20<sup>th</sup> January, 2014 respectively.

Thus, the company's equity shares are now 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.

### **PUBLIC DEPOSITS**

During the year ended March 31, 2014, 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.

### **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 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 - 1*").

### **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.

### **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.

### **AUDITORS**

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

The Statutory Auditors of the Company M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad shall retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Auditors have furnished a certificate to the effect that if re-appointed, their appointment shall be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

As per provisions of section 139 of the Companies Act, 2013 read with Rules thereunder, M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad, can be reappointed for a period of three consecutive years from the ensuing AGM subject to ratification of the reappointment by the members at every Annual General Meeting held after this Annual General Meeting. Therefore, the Board of Directors recommends their re-appointment for a period of three years i.e. from the conclusion of the ensuing AGM to the conclusion of the Annual General Meeting held for the financial year 2016-17.

**b.) INTERNAL AUDITORS :**

In accordance with the provisions of section 138 of the Companies Act, 2013, read with Rules made thereunder, your Company has appointed M/s. Nimita A. Desai & Co., Chartered Accountants, Ahmedabad as the Internal Auditors of the Company in the Board meeting held on 27<sup>th</sup> May, 2014 to conduct the internal audit of the functions and activities of the Company.

**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.

**PARTICULARS OF EMPLOYEES**

No employee, employed throughout the financial year was in receipt of remuneration equal to or exceeding Rs. 60,00,000/- p.a. or if employed for a part of the financial year, was in receipt of remuneration equal to or exceeding Rs. 5,00,000/- p.m., therefore the Company is not required to submit the details as required under Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is a non banking financial company. It is neither involved in any manufacturing, processing activities nor any of its transactions involve foreign exchange earnings and outgo. In view of the same, the particulars in terms of section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption and foreign exchange earnings and outgo, are not applicable to the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) That in the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed
- ii) That the accounting policies are adopted and consistently followed and the judgments and estimates made 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 the Financial Year
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities
- iv) That the Directors have prepared the Annual Accounts on Going Concern Basis.

## **ACKNOWLEDGEMENT**

Your Company would like to take this opportunity to express its sincere thanks to its clients and customers for their continued patronage. Your Directors wish to place on record their deep sense of appreciation for the co-operation and assistance extended to the company by its Promoters, Bankers, Government Authorities, Shareholders and Employees of the Company at all levels.

**Place: Ahmedabad**  
**Date: 27/05/ 2014**  
**Regd. Office**  
**B - 81, Pariseema Complex,**  
**C. G. Road, Ellisbridge,**  
**Ahmedabad - 380006.**

**By Order of the Board**  
**For, KIFS FINANCIAL SERVICES LTD.**

**S/d**  
**Rajesh P. Khandwala**  
**Chairman**

## **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 Company operates in the business of Loans against securities, Funding IPO/ FPO retail applications and Margin Trading. It is the Financial Services arm of the Khandwala group. This is the 19<sup>th</sup> Annual Report of the Company.

Before detailing on each of these businesses and their rationale, it is useful to give a brief overview of the Indian Economy during FY 2013-14 and the prospects for FY 2014-15.

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

The global economy largely remained unchanged during FY 2013-14. The first half of the year evidenced weak global growth with an instability in the financial markets following a change in perception about the tightening of US Federal Reserve's quantitative easing programme. Thereafter, financial markets normalized with green shoots of growth led by advanced economies like the US, the Euro zone, the UK and Japan.

The UN report indicated that South Asian countries faced the slowest pace in annual growth in two decades. According to the said Report, a continuing slowdown in India's economy, the ongoing crisis in Iran and challenging external conditions resulted in the slowest pace in annual growth for the region in two decades.

### **INDIAN ECONOMY DURING FY 2013-14**

India's growth slackened through FY 2012-13 and FY 2013-14. India's GDP growth peaked at 9.3% in FY'11 and since then, it has dropped sequentially to 6.3% in 2012 and 4.5% (4.5 per cent) in FY'13. The Central Statistics Office has pegged it at 4.9 per cent for the fiscal year 2013-14.

India is in transition and if it desires to regain its position as a leading emerging market investment destination, clarity and consistency of policy action is paramount. At its core, India is facing a difficult economic situation on the growth, asset quality, inflation and fiscal deficit fronts. The principal risk facing India is the inward spillover from global financial market volatility. A lengthy Euro area growth slowdown and higher oil prices are the main external risks. Slow progress on structural reforms, high inflation, failure to ease supply constraints, and resorting to expansionary fiscal policy are key domestic downside risks.

India's inflation rates remain at an all-time high despite various economic and other measures been taken by the Government and RBI from time to time to curb the same. The stock markets also showed the volatile movements owing to the political instability, elections and global factors.

### **PROJECTIONS FOR FY 2014-15**

In 2014-15, economic growth is expected to pick up to 6%, as a speeding up in advanced economies bolsters external demand and government action opens some structural

bottlenecks that have impeded industry and investment. The RBI and Government has taken notable steps to address the economic headwinds. The Government has formed the Project Management Group to facilitate large projects, undertook actions on power tariffs, gas price and continued diesel price increases. The RBI initiated efforts at recognizing and cleaning up NON-performing Assets. On the policy front, it introduced a shift in focus to Consume Price Inflation (CPI) from Wholesale Price Inflation (WPI) and a move towards inflation targeting. If implemented correctly and in a time bound manner, these steps, collectively have the ability to create a meaningful impact on the economy.

India's growth may be in early stages of an upward trend, according to a projection by the UN World Economic Situation Prospects 2014 but it warned that the recovery would be slower than previously expected. The report mentioned that India will grow at 5.3 percent in 2014, while it projected marginal increase in the growth prospect for the next year.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

Over the years, the Non-Banking Finance Companies (NBFCs) have played a vital role in India's economy. NBFCs complement the banking sector and financial institutions in meeting the credit needs of the growing economy. It works as the lifeline for the Indian economy and provides credit and liquidity in the system. With India's GDP projected to be back on the growth track by 2014-15, the Banking/ Non banking and financial sectors of India are expected to witness a growth spurt, with Indian companies' financing requirements rising commensurately.

According to the rating agency ICRA, NBFCs are expected to report a growth of around 8-10% in retail credit in FY'14.

### **STRATEGY & OUTLOOK**

India is regaining economic momentum and growth is expected to recover gradually to its high long-term potential, says the latest India Development Update of the World Bank. . Further, with the RBI's projection of the country's economic growth to be slightly better at 6.7 percent in this financial year as well as anticipation of encouraging government policies for Foreign Portfolio inflows (FPI), as FPIs are key factors for success of Indian stock markets, the Company also expects to perform good in the coming fiscal.

The Company, being a Loan NBFC, operates in the business of providing Loans against securities, IPO retail funding and Margin Trading. The Company has built strong checks and controls in the credit approval processes. There are clearly defined set of procedures for evaluating the creditworthiness of customers that extends from initial evaluation to loan approval. Funds are advanced after due process of evaluation and upon providing the necessary documentation. A lot of emphasis is placed on tailoring funding to customer needs. The Company's objective is to ensure appraisal and disbursement within the shortest possible time, without compromising on asset quality.

The Company expects to deliver strong performance in FY 2014-15 with expectation of improvements in the markets as well as anticipating momentum in its lines of businesses.

**FINANCIAL REVIEW****(Rs. In Lacs)**

<b>Particulars</b>	<b>2013 - 14</b>	<b>2012 - 13</b>
<b>Income</b>		
Income from Operations	474.48	182.30
Other Income	2.57	2.44
<b>Total Income</b>	<b>477.05</b>	<b>184.74</b>
<b>Expenditure</b>		
Employee Cost	19.38	12.38
Finance Cost	209.24	11.38
Depreciation & Other Expenses	10.72	13.00
<b>Total Expenditure</b>	<b>239.34</b>	<b>36.76</b>
Profit/ Loss before Tax	237.71	147.98
Provision for Taxation	77.39	41.50
Profit after Tax	160.32	106.48
Add/ (Less) Prior Period Adjustments	0.00	0.00
<b>Net Profit</b>	<b>160.32</b>	<b>106.48</b>
Basic and Diluted Earnings per share	1.48	1.57

The economy has continued the downturn trend during the FY 2013-14 also, more particularly for the securities market, it proved to be a tough one.

During the year under review, total income of the Company has increased to Rs. 477.05 Lacs as compared to Rs. 184.74 Lacs earned during the previous year showing a rise of about more than 150%. The rise in the income of the Company is because of the interest earned on primary market funding as new IPOs were initiated in the FY 2012-13 as well as by interest earned on loans against shares.

On the other side, the total expenditure of the Company, during the current year has also increased from Rs. 36.76 Lacs to Rs. 239.34 Lacs due to increase in finance costs which consists mainly of interest on borrowings.

The Net profit of the company after providing for all expenditure, necessary provisions and prior period adjustments stood at Rs. 160.32/- lacs compared to Rs. 106.48/- lacs of previous year showing a rise of about 50.00%.

**RISKS & CONCERNS**

Your Company constantly invests in people, processes and technology as the Company acknowledges that these are vital elements for mitigating various risks posed by the environment. The Company has established detailed procedures and policies for underwriting across various product categories, based on the credit profile of the customers. 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. 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 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 :**

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Processes are further discussed and reviewed by the Audit Committee of the Board at appropriate intervals which is then apprised by the Board.

The Company's internal control systems are commensurate with the nature of its business and size and complexity of its operations. These systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all transactions are properly authorized. 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.

#### **HUMAN RESOURCES**

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. Employees are central as well as critical to the Company as they are the real assets of the organization. The Company recognizes the importance of human resource and lays due emphasis on its overall training and development. The Company believes in retaining high caliber employees while engaging and nurturing them to achieve great heights in the area of operations. Going forward, the Company not only plans to maintain this key source of competitive advantage but also build on it through well structured training initiatives and programs. The employee relationship with the company remained harmonious through the year.

#### **Cautionary Statement**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute 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 could differ from those expressed or implied.*



## **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 Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, government and others. The principal characteristics of Corporate Governance are Transparency, Independence, Accountability, Responsibility, Fairness, and Social Responsibility alongwith efficient performance and respecting interests of the stakeholders and the society as a whole.

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

The Company believes that good corporate governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. 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. We are making continuous efforts to adopt the best practices in corporate governance and we believe that the practices we are putting into place for the company shall go beyond adherence to regulatory framework. The Company's corporate governance philosophy has been further strengthened by adopting a Code of Fair Practice in accordance with the guidelines issued by Reserve Bank of India from time to time.

### **3. BOARD OF DIRECTORS**

As on 31<sup>st</sup> March, 2014, the Board of the Company consisted of three Directors, out of which two Directors were independent. 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. As such the Company duly complied with the requirements of clause 49 of the listing agreement as the Company had two Independent Directors.

However, as on the date of this Report, there are four Directors in the Company as Mrs. Sonal R. Khandwala has been appointed as additional director w.ef. 27<sup>th</sup> May, 2014. Nevertheless the Company is still in compliance with Clause 49 as the Company has two Independent Directors.

The names and categories of Directors, their attendance at the Board Meetings held during the financial year 2013-14 and at the Annual General Meeting (AGM) held on 2<sup>nd</sup> August, 2013 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 2013 - 14		Attendance at AGM held on 02/08/2013	No. of Directorships and Committee Membership / Chairmanship in other Public Companies ***		
		Held	Attended		Directorships in Unlisted Public Cos.	Committee Membership	Committee Chairmanship
Mr. Rajesh P. Khandwala	* Chairman & Managing Director	4	4	Yes	1	2	0
*Mrs. Sonal R. Khandwala	Additional Director	—	—	N.A.	—	—	—
Mr. Devang M. Shah	Independent	4	4	Yes	—	—	—
Mr. Dharmendra N. Soni	Independent	4	4	Yes	—	—	—

\* Mrs. Sonal R. Khandwala was appointed on the Board of the Company as Additional Director in the Board meeting held on 27<sup>th</sup> May, 2014

\*\*\*Notes :

Private Limited Companies, Foreign Companies and Companies under section 25 of the Companies Act, 1956 are excluded for the above purposes. Only Audit Committee, Shareholders' Transfer Committee and Investor grievance Committee are considered for the purpose of Committee positions as per listing agreement.

**Number of Board Meetings held during the financial year 2013 - 14 and dates of Board meetings :**

No. of Board Meeting	Date of Board Meeting
1	24 - 05 - 2013
2	13 - 08 - 2013
3	12 - 11 - 2013
4	07 - 02 - 2014

**AUDIT COMMITTEE**

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the listing Agreement, Audit Committee has been constituted by the Board of Directors. All the members of the Audit Committee including the Chairman are the Non – executive Directors of the Company and possess sound financial and accounting knowledge. Members are regularly present at the meetings.

In addition to the matters provided in Clause 49 of the Listing Agreement and requirements of Section 292A of the Companies Act, 1956 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 requirements of Section 292A of the Companies Act, 1956 and Reserve Bank of India or as may be delegated by the Board of Directors of 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 has been revised in the Board Meeting held on May 27, 2014, in compliance with Companies Act, 2013 and revised Clause 49 of Listing Agreement as amended from time to time.

#### **COMPOSITION OF AUDIT COMMITTEE AND ATTENDENCE OF THE MEMBERS AT THE MEETINGS.**

The Audit Committee met four times during the financial year 2013-14 i.e. on 24/05/2013, 13/08/2013, 12/11/2013 and 07/02/2014 and that the time gap between any two meetings was less than four months. The details of the Composition of the Committee as on 31/03/2014, the category and Designation of the members, number of meetings held and the attendance of the Directors thereat during the period from 01/04/2013 to 31/03/2014 is given herein below :-

##### **Composition of the Audit Committee till 31/03/2014**

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 2<sup>nd</sup> August, 2013.

#### **SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE (NOW RENAMED AS STAKEHOLDERS' RELATIONSHIP COMMITTEE)**

The Board of Directors of the Company has constituted Shareholders'/ Investors' Grievance Committee to specifically look into the shareholders'/ investors' complaints on matters relating to non-receipt of annual report, non-receipt of dividend 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.

However, as per the provisions of the New Companies Act, 2013 as well as Amended Clause - 49 of the Listing Agreement, the Shareholders'/Investors' Grievance Committee has been renamed and designated as the "**STAKEHOLDERS' RELATIONSHIP COMMITTEE**".

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
<b>Mr. Dharmendra N. Soni</b>	<b>Chairman</b>	<b>Non - Executive - Independent</b>	<b>4</b>
<b>Mr. Devang M. Shah</b>	<b>Member</b>	<b>Non - Executive - Independent</b>	<b>4</b>
<b>Mr. Rajesh P. Khandwala</b>	<b>Member</b>	<b>Executive - Non - Independent</b>	<b>4</b>

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

#### **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 constituted a Committee in the name of "**NOMINATION AND REMUNERATION COMMITTEE**" in the meeting of the Board of Directors held on 27<sup>th</sup> May, 2014.

The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees, shall make evaluation of Independent Directors and the Board. The Committee shall ensure 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.

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

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

#### **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. The other Non-executive- Independent Directors are being paid sitting fees and apart from such sitting fees no other remuneration is being paid to them.

#### **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 - 2.

#### **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, 2014. The said certificate is annexed to this Report as Annexure - 3.

#### **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>
2012-13	02/08/2013	4:00 p.m.	At Registered Office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad - 380 006.
2011-12	29/09/2012	12:00 Noon	'do'
2010-11	30/07/2011	11:00 A.M.	'do'

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

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

Mr. Rajesh P. Khandwalal, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment and if reappointed shall resume the office of Managing Director.

The Director, Mrs. Sonal R. Khandwala was appointed as the Additional Director with effect from 27<sup>th</sup> May, 2014.

Mr. Dharmendra N. Soni and Mr. Devang M. Shah have been appointed as the Independent Directors for a term of Five years in accordance with section 149 of the Companies Act, 2013.

#### **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.

#### **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.

#### **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).

#### **GENERAL SHAREHOLDER'S INFORMATION**

1.	<b>Date of Annual General Meeting</b>	Saturday, 6 <sup>th</sup> September, 2014
2.	<b>Time &amp; Venue</b>	2:00 p.m. at the Registered office of the Company at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380 006.”
3.	<b>Listing on Stock Exchanges</b>	(1) Bombay Stock Exchange Ltd. (BSE), Mumbai.
4.	<b>Financial Calendar</b>	1 <sup>st</sup> April to 31 <sup>st</sup> March

## Calendar for Financial Year ending 31<sup>st</sup> March, 2015

Financial Reporting for the	:	Tentative dates of the Board Meeting
First Quarter ending 30/06/2014	:	On or before August 14, 2014
Half year ending 30/09/2014	:	On or before November 14, 2014
Third Quarter ending 31/12/2014	:	On or before February 14, 2015
Fourth Quarter ending 31/03/2015	:	End of May, 2015

5. Date of Book Closures : Tuesday, 02/09/2014 to Saturday, 06/09/2014 (Both Days inclusive)
6. Dividend Payment Date : On or after 8th September, 2014.
7. Name of Compliance Officer : Ms. Krupa Joshi
8. Market Price Data during the financial year ended 31/03/2014 : The monthly High and Low quotations as well as the total turnover at the BSE for the current year are provided as follows :

(All Price in ₹ )

Month	High	Low	Total Turnover
May, 2013	63.50	34.00	707407
June, 2013	38.75	19.75	147724
July, 2013	19.60	18.30	15262
August, 2013	20.25	18.50	10579
September, 2013	25.70	21.25	3764
October, 2013	26.90	23.15	2929
November, 2013	24.25	24.25	2425
January, 2014	24.20	22.00	11665
February, 2014	24.05	21.90	9312
March, 2014	25.25	21.80	26731

9. Stock Code : BSE - 535566;
10. Registrars & Transfer Agents : Link Intime India Pvt. Ltd.  
Unit No. 303, 3rd 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

## **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.

### **DISTRIBUTION OF SHAREHOLDING (SHARES) as on 31<sup>st</sup> March, 2014**

<b>Shareholding of Shares</b>	<b>Shareholders Number</b>	<b>% of Total</b>	<b>Shares Alloted</b>	<b>% of Total</b>
1 to 500	1627	95.425	3,10,878	2.87
501 to 1000	23	1.349	17,935	0.16
1001 to 2000	15	0.880	22,203	0.21
2001 to 3000	5	0.293	13,180	0.12
3001 to 4000	8	0.469	27,720	0.26
4001 to 5000	2	0.117	8,640	0.08
5001 to 10000	4	0.235	23,940	0.22
10001 to 9999999999	21	1.232	1,03,93,504	96.08
<b>TOTAL</b>	<b>1705</b>	<b>100.00</b>	<b>1,08,18,000</b>	<b>100.00</b>

## **DEMATERIALIZATION OF SHARES**

As on 31<sup>st</sup> March, 2014, 96.56% of the total equity share capital was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

## **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, Compliance Officer, Ms. Krupa Joshi can be contacted at the Registered Office of the Company at :-

### **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



## **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.

**Place: Ahmedabad**  
**Date: 27/05/ 2014**

**For And on Behalf of the Board**

**S/d**  
**Rajesh P. Khandwala**  
**Chairman**

**Certificate by Auditors on Corporate Governance**

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

We have reviewed the 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 Stock Exchanges of India, for the financial year ended 31<sup>st</sup> March 2014.

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.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company. Based on such a review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreements.

We further state that, such compliance 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.

**For and on behalf of Shailesh C. Parikh & Co.  
Chartered Accountants  
(FRN No: 109858W)**

**Sd/-  
Shailesh Parikh  
Proprietor  
Membership Number: 039254**

Place: Ahmedabad  
Date: 27/05/2014

**ANNEXURE - 2**

**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, 2014 compliance with the code of conduct of the Company laid down for them.

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

Place: Ahmedabad  
Date: 27/05/2014

**ANNEXURE - 3**

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

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

Dear Sir,

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, 2014 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**

Place: Ahmedabad  
Date: 27/05/2014

## **INDEPENDENT AUDITOR'S REPORT**

**TO  
THE MEMBERS,  
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 March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2014 dated 14th September, 2014 of the Ministry of Corporate Affairs in respect of Section 143 of the Companies Act, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 audit opinion.

### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the 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 as at **March 31, 2014**;
- b) in the case of the Statement of Profit and Loss Account, of the **profit** for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order,
2. As required by section 227(3) of the Act, we report that :
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2014 dated 14th September, 2014 of the Ministry of Corporate Affairs in respect of Section 143 of the Companies Act, 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For, Shailesh C. Parikh & Co.**  
**Chartered Accountants**  
**(Registration No: 109858W)**

**Sd/-**  
**Shailesh Parikh**  
**Proprietor**  
**Mem. No.: 039254**

Place: Ahmedabad  
Date: 27/05/2014

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of KIFS Financial Services Ltd. on the accounts of the company for the year ended 31<sup>st</sup> March, 2014.**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that :

- 01 a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us, the assets have been physically verified by the management during the year; no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year and therefore does not affect the going concern assumption.
- 02 a) There are no inventories, so question of its physical verification does not arise.
- b) This clause is not applicable to the company.
- c) This clause is not applicable to the company.
- 03 a) The company has taken loans from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. There were four such parties and maximum amount involved during the year was Rs. 3976.27 Lacs and year-end balance is Rs. Nil. The company has given loans to the three parties covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs. 4377.43 Lacs and year-end balance of said loan was Rs. 307.83 Lacs.
- b) The rate of interest and other terms and conditions of loans taken/given by the company are prima facie not prejudicial to the interest of the company.
- c) The loans granted are re-payable on demand. The payment of interest has been regular on such loans. The Company is regular in repaying the principal amounts, wherever stipulated and has been regular in the payment of interest.
- d) There are no overdue amounts to the parties covered in the register maintained under section 301 of the Act.
- 04 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for sale of goods and services. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weakness in the internal control procedures.
- 05 a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance to section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.

- b)** In our opinion and according to the information and explanations given to us, these transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 06 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of the provisions of section 58A and 58AA of the companies Act, 1956 and the rules made there under.
- 07 In our opinion and as per the information and explanations given to us there is reasonable internal control procedure commensurate with the size and nature of its business.
- 08 The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act for any of the activities of the Company.
- 09 **a)** According to the records of the Company, undisputed statutory dues including Income-Tax and other statutory dues applicable to it have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31<sup>st</sup> March, 2014 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 is no amounts payable in respect of Income Tax, Wealth Tax and Sales Tax which have not been deposited on account of any disputes.
- 10 The Company has no accumulated losses as at 31st March, 2014 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
- 11 According to the records of the Company examined by us and the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- 12 The company has granted loans and advances on the basis of security of shares, debentures and other securities given by the borrowers and adequate documents and records are maintained for the same.
- 13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- 14 In our opinion, the Company has maintained proper records pertaining to its shares & securities trading transactions and contracts and timely entries have been made therein.
- 15 As per the information and explanations given to us the provident fund scheme is not applicable so the question of reporting on deduction and payment thereof does not arise.
- 16 According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution.

- 17 Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31<sup>st</sup> March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- 18 The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 The company has not issued any debenture, so question of creation of security for the same does not arise.
- 20 The company has not raised any money by public issues during the year.
- 21 During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company has been noticed or reported during the year, nor have we been informed of such case by the management.
- 22 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.

**For, Shailesh C. Parikh & Co.**  
**Chartered Accountants**  
**(Registration No: 109858W)**

**Sd/-**  
**Shailesh Parikh**  
**Proprietor**  
**Mem. No.: 039254**

Place: Ahmedabad  
Date: 27/05/2014



# KIFS FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹ )

	PARTICULARS	Note No.	As at 31.03.2014	As at 31.03.2013
<b>A</b>	<b><u>EQUITY AND LIABILITIES</u></b>			
<b>1</b>	<b>SHAREHOLDERS' FUNDS</b>			
	a) Share Capital	2	108180000	108180000
	b) Reserves & Surplus	3	92936808	83233897
			<b>201116808</b>	<b>191413897</b>
<b>2</b>	<b>NON CURRENT LIABILITIES</b>			
	a) Long Term Borrowings		0	0
	b) Deferred Tax Liabilities (Net)	17.8	7361	6050
	c) Long Term Provisions		0	0
			<b>7361</b>	<b>6050</b>
<b>3</b>	<b>CURRENT LIABILITIES</b>			
	a) Short Term Borrowings	4	22285137	0
	b) Trade Payables		0	0
	c) Other Current Liabilities	5	3513773	1184755
	d) Short Term Provisions	6	11798768	9301475
			<b>37597678</b>	<b>10486230</b>
	<b>TOTAL</b>		<b>238721847</b>	<b>201906177</b>
<b>B</b>	<b><u>ASSETS</u></b>			
<b>1</b>	<b>Non Current Assets</b>			
	a) Fixed Assets			
	i) Tangible Assets	7	52728	39899
	ii) Capital Work-in Progress		0	0
			<b>52728</b>	<b>39899</b>
	b) Non Current Investments		0	0
	c) Long Term Loans and Advances	8	116300	2384792
	d) Other Non Current Assets	9	510517	680689
			<b>679545</b>	<b>3105380</b>
<b>2</b>	<b>Current Assets</b>			
	a) Inventories		0	0
	b) Trade Receivables		0	0
	c) Cash and Cash Equivalents	10	32039790	33044025
	d) Short Term Loans and Advances	11	206002513	165756772
			<b>238042303</b>	<b>198800797</b>
	<b>TOTAL</b>		<b>238721847</b>	<b>201906177</b>
	Notes Forming Part of the Financial Statements	1 to 17		

As per our attached report of even date  
**For, Shailesh C. Parikh & Co.**  
 Chartered Accountants  
 FRN : 109858W

For and on behalf of Board of Directors of  
**KIFS Financial Services Ltd.**

S/d.  
 Shailesh C. Parikh (Proprietor)

S/d                      S/d                      S/d  
 (Managing Director)      (Director)              (Company Secretary)

**M.No.: F039254**

S/d  
 (Chief Financial Officer)

**Place : Ahmedabad      Date : 27 - 05 - 2014**

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**Place : Ahmedabad      Date : 27 - 05 - 2014**

# KIFS FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in ₹ )

	PARTICULARS	Note No.	For the Year 2013 - 14	For the Year 2012 - 13
	<b>INCOME</b>			
1	Revenue from Operations	12	47448132	18229993
2	Other Income	13	257416	244201
3	<b>Total Revenue</b>		<b>47705548</b>	<b>18474194</b>
4	<b>EXPENDITURE</b>			
	a) Employee Benefits Expense	14	1938154	1238425
	b) Finance Costs	15	20923640	1138465
	c) Depreciation	7	17171	6926
	d) Other Expenses	16	1055102	1292682
	<b>Total Expenses</b>		<b>23934066</b>	<b>3676498</b>
5	<b>Profit Before Exceptional and Extraordinary items and Tax</b>		23771482	14797696
6	Exceptional Items (MAT Credit Entitlement net of Current Year's Utilisation)		0	0
7	<b>Profit Before Extraordinary Items and Tax</b>		<b>23771482</b>	<b>14797696</b>
8	Extraordinary Items		0	0
9	<b>Profit Before Tax</b>		<b>23771482</b>	<b>14797696</b>
10	<b>Tax Expense :</b>			
	a) Current Tax (Including of Current Year's Mat Credit)		7739000	4170330
	b) Excess Provision of Earlier Years		0	-19404
	c) Net Tax Expense		7739000	4150926
	d) Deferred Tax		1311	(1010)
			7740311	4149916
11	<b>Profit After Tax</b>		<b>16031171</b>	<b>10647780</b>
12	<b>Earnings Per Share (of Rs. 10/- each)</b>	17.7		
	a) Basic		2.36	1.57
	b) Diluted		2.36	1.57
	Notes Forming Part of the Financial Statements	1 to 17		

As per our attached report of even date  
**For, Shailesh C. Parikh & Co.**  
 Chartered Accountants  
 FRN : 109858W

S/d.  
 Shailesh C. Parikh (Proprietor)  
**M.No.: F039254**  
**Place : Ahmedabad Date : 27 - 05 - 2014**

**For and on behalf of Board of Directors of  
 KIFS Financial Services Ltd.**

S/d                      S/d                      S/d  
 (Managing Director)      (Director)              (Company Secretary)

S/d  
 (Chief Financial Officer)

**Place : Ahmedabad Date : 27 - 05 - 2014**

# KIFS FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31 ST MARCH, 2014

A	PARTICULARS	For the Year ended 31-03-2014		For the Year ended 31-03-2013	
		₹	₹	₹	₹
	<b>Cash Flow from the Operating Activities</b>				
	Net Profit After Tax and without Deferred Tax		16032482		10646770
	Add.: Adjustments For :				
	Depreciation	17171		6926	
	Misc. Expenses Written off	170172		170172	
		187343		177098	
	Less :				
	Profit on Sale of Fixed Assets	0		0	
			187343		177098
	<b>Operating Profit Before working Capital Changes</b>		16219825		10823868
	Add : Decrease in Working Capital				
	Long Term Loans & Advances Decreased	2268492		1155330	
	Short Term Provision Increased	2497293		1583871	
	Other Current Liabilities Increased	2329018		0	
	Short Term Borrowing Increased	22285137		0	
	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	40245741		35367022	
	Other Current Liabilities Decreased	0		959	
	Short Term Provision Decreased	0		0	
			-10865801		-32628780
	Generated From Operations		5354024		-21804912
	Less : Misc. Expenses Incurred		0		850862
	<b>Net Cash Flow From Operating Activities</b>	<b>(A)</b>	<b>5354024</b>	<b>(A)</b>	<b>-22655774</b>
	<b>B Cash Flow From Investing Activities</b>				
	<b>Inflows</b>				
	Increase in Share Capital & Share Premium	0		102771000	
	Sale of Investments	0		0	
	Interest Received	0		0	
			0		102771000
	<b>Out Flows</b>				
	Purchase of Fixed Assets	30000		0	
	Purchase of Investments	0		0	
	Interest Paid	0		0	
			30000		0
	<b>Net Cash used in Investing Activities</b>	<b>(B)</b>	<b>-30000</b>	<b>(B)</b>	<b>102771000</b>

# KIFS FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED ON 31 ST MARCH, 2014

	PARTICULARS	For the Year ended 31-03-2014		For the Year ended 31-03-2013	
<b>C</b>	<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		6328259		6286475
	Repayment of Short Term Borrowing		0		70723028
	<b>Net Cash Used in Financing Activities</b>	<b>(C)</b>	<b>-6328259</b>	<b>(C)</b>	<b>-77009503</b>
	Net Decrease / Increase in Cash & Cash Equivalents		-1004235		3105723
	Cash & Cash Equivalents (Opening Balance)		33044025		29938302
	Cash & Cash Equivalents (Closing Balance)		32039790		33044025

As per our report of even date  
Attached herewith  
**For, Shailesh C. Parikh & Co.**  
Chartered Accountants

S/d.  
Shailesh C. Parikh (Proprietor)

**Place : Ahmedabad**  
**Date : 27 - 05 - 2014**

**For, KIFS Financial Services Ltd.**

S/d                      S/d                      S/d  
(Managing Director)    (Director)            (Company Secretary)

S/d  
(Chief Financial Officer)

**Place : Ahmedabad            Date : 27 - 05 - 2014**

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

**a) Basis of Preparation of Financial Statements :**

The financial statements have been prepared on an accrual basis, on a historical cost convention and are materially in compliance with the requirements of the Companies Act, 1956 as well as the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

**b) Use of Estimates :**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the data of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialised.

**c) Income from Operations :**

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

**d) Expenses :**

The Company provides for all expenses comprising of Salary to Employees, Financial Expenses and Administrative Expenses on accrual basis.

**e) Fixed Assets :**

Fixed assets are stated at cost of acquisition. Cost includes attributable cost incurred for bringing the assets to its working condition for its intended use. They are stated at historical cost less accumulated depreciation.

Depreciation on assets is provided on written down value basis (WDV) at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.

**f) Investment :**

The investments made by the Company are categorised as long term investment and are stated at cost.

**g) Borrowing Cost :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

**h) Taxes on Income :**

Tax on income for the current period is determined on the basis of the Income Tax Act, 1961.

# **KIFS FINANCIAL SERVICES LIMITED**

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **h) Taxes on Income :**

Tax on income for the current period is determined on the basis of the Income Tax Act, 1961

Deferred tax is recognised on timing differences between the accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### **i) Contingent Liabilities and Contingent Assets :**

Provision is made for all known liabilities. Contingent Liabilities, if any are disclosed in the account by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

### **j) Impairment of Assets :**

Impairment of assets is recognized when there is an indication of impairment. On such indication the recoverable amount of assets is estimated and if such estimation is less than its carrying amount, the carrying amount is adjusted to its recoverable amount.

### **k) Retirement Benefits :**

No provision for gratuity has been made as no employee has put the qualifying period of service for the entitlement of this benefit

### **l) Earning Per Shares :**

The Company reports basic and diluted earnings per share (EPS) in accordance with accounting standard - 20 on earning per share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 2 : SHARE CAPITAL

	As at 31-03-2014		As at 31-03-2013	
	Number of Shares	₹	Number of Shares	₹
<b>(a) Authorised</b> Equity Shares of ₹ 10 each with voting rights	11000000	110000000	11000000	110000000
<b>(b) Issued, Subscribed and fully paid up</b> Equity Shares of ₹ 10 each with voting rights	10818000	108180000	10818000	108180000
<b>TOTAL</b>		<b>108180000</b>		<b>108180000</b>

**(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
<b>Equity Shares with voting rights</b>				
Year ended 31 March, 2014				
- Number of Shares	10818000	2404000	5409000	10818000
- Amount ( ₹ )	108180000	24040000	54090000	108180000
Year ended 31 March, 2013				
- Number of Shares	3005000	2404000	5409000	10818000
- Amount ( ₹ )	30050000	24040000	54090000	108180000

**(ii) Details of Shareholders holding more than 5 % Shares :**

Class of Shares / Name of Shareholder	As at 31-03-2014		As at 31-03-2013	
	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 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 Rs. 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 LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 3 : RESERVES AND SURPLUS

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Special Reserve</b>		
Opening Balance	23189000	20989000
Add : Transferred from Surplus in Statement of Profit & Loss	3211000	2200000
Closing Balance	26400000	23189000
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening Balance	11363897	33242592
Add : Profit for the Year	16031171	10647780
	27395068	43890372
<b>Less : Transferred to / Appropriations :</b>		
Special Reserve	(3211000)	(2200000)
Proposed Final Dividend	(5409000)	(5409000)
Tax on Final Dividend	(919260)	(877475)
Reserves Utilized for Bonus Shares	0	(24040000)
Closing Balance	17855808	11363897
<b>(c) Share Premium</b>	48681000	48681000
<b>TOTAL</b>	<b>92936808</b>	<b>83233897</b>

### NOTE 4 : SHORT TERM BORROWINGS

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Working Capital Loans (Over Draft against Fixed Deposits)</b>		
<b>From Banks</b>		
Secured	22285137	0
Unsecured	0	0
<b>TOTAL</b>	<b>22285137</b>	<b>0</b>

**Notes :-** (i) Over Draft is Primarily Secured by way of first charge over the Fixed Deposit in the name of the company.

### NOTE 5 : OTHER CURRENT LIABILITIES

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Current Maturities of Long Term Debt</b>	0	0
<b>(b) Interest Accrued &amp; Due</b>	0	0
<b>(c) Other Payables</b>		
(i) Statutory Remittances	2029491	12321
(ii) Advances form Customers / Clients	75000	2343
(iv) Others		
a. Creditors for Expenses	26932	57866
b. Unclaimed Dividend *	1382350	1112225
<b>TOTAL</b>	<b>3513773</b>	<b>1184755</b>

[\*] There are no amounts due and Outstanding to be credited to Investor Education and Protection fund.



# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 6 : SHORT TERM PROVISIONS

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Provision - Others</b>		
(i) Proposed Equity Final Dividend	5409000	5409000
(ii) Tax on Proposed Equity Dividend	919260	877475
(iii) Provision for Current Tax (Net of Current Year's Mat Credit Utilised)	5470508	3015000
<b>TOTAL</b>	<b>11798768</b>	<b>9301475</b>

### NOTE 7 : FIXED ASSETS

Tangible Assets	Gross Block (At Cost)			Accumulated Depreciation				Net Block		
	Balance as at 1-4-2013	Additions During the year	Disposals During the Year	Balance as at 31-3-2014	Balance as at 1-4-2013	Depreciation for the year	Eliminated on Disposal of Assets	Balance as at 31-3-2014	Balance as at 31 - 3 -2014	Balance as at 31 - 3 -2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a. Xerox Machine	93600	0	-	93600	64590	4029	-	68620	24980	29010
b. Telephone	60386	0	-	60386	55013	746	-	55759	4627	5373
c. Airconditioner	56000	0	-	56000	51456	631	-	52087	3913	4544
d. Computer	40000	30000	-	70000	39029	11764	-	50793	19207	971
<b>Total</b>	<b>249986</b>	<b>30000</b>	<b>0</b>	<b>279986</b>	<b>210088</b>	<b>17171</b>	<b>0</b>	<b>227259</b>	<b>52728</b>	<b>39898</b>
Previous Year	249986	0	0	249986	194780	8382	0	203162	46824	55206

### NOTE 8 : LONG TERM LOANS AND ADVANCES

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Security Deposits</b> Unsecured, Considered Good	<b>116300</b>	116300
<b>(d) Advance Income Tax</b> MAT Credit Entitlement (Net of Current Year's Utilisation)	<b>0</b>	2268492
<b>TOTAL</b>	<b>116300</b>	<b>2384792</b>

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 9 : OTHER NON CURRENT ASSETS

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>Misc Exp. To the Extent Not W/Off</b>		
Op. Balance	680689	0
Add : Incurred During the Year	0	850861
	<b>680689</b>	850861
Less : W / Off During Year	170172	170172
<b>TOTAL</b>	<b>510517</b>	<b>680689</b>

### NOTE 10 : CASH AND CASH EQUIVALENTS

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Cash on Hand</b>	131568	129195
<b>(b) Balances with Banks</b>		
(i) In Current Accounts	3408222	1309107
(ii) In Fixed Deposit Accounts	28500000	28500000
<b>Total</b>	<b>32039790</b>	<b>29938302</b>

### NOTE 11 : SHORT TERM LOANS AND ADVANCES

	As at 31-03-2014	As at 31-03-2013
	₹	₹
<b>(a) Loans And Advances to Parties</b>		
Secured, Considered Good	199404213	88302907
UnSecured, Considered Good	0	73872543
<b>(b) Balances with Government Authorities</b>	6192753	3128678
<b>(c) Interest Receivable</b>		
Unsecured, Considered Good	146047	149474
<b>(d) Loans to Staff</b>	259500	284500
<b>(e) Other Advances &amp; Receivables</b>	0	18670
<b>TOTAL</b>	<b>206002513</b>	<b>165756772</b>

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 12 : REVENUE FROM OPERATIONS

		For the Year 2013 - 14	For the Year 2012 - 13
		₹	₹
Revenue From Operations		47448132	18229993
<b>TOTAL</b>		<b>47448132</b>	<b>18229993</b>

  

Note			For the Year 2013 - 14	For the Year 2012 - 13
			₹	₹
(I)	<b>Income Form Operations Comprises :</b>			
	Interest Income		46928132	
	Loan Processing Fees		0	17696493
	Advisory Fees		520000	10500
				523000
	<b>Total - Income form Operations</b>		<b>47448132</b>	<b>18229993</b>

### NOTE 13 : OTHER INCOME

		For the Year 2013 - 14	For the Year 2012 - 13
		₹	₹
(a)	Interest on Income Tax Refund	0	0
(b)	Profit on Trading in Govt. Securities (Net)	94628	235415
(c)	Miscellaneous Income	160195	8786
(d)	Excess Provision Written Back	2593	0
<b>TOTAL</b>		<b>257416</b>	<b>244201</b>

### NOTE 14 : EMPLOYEE BENEFITS EXPENSE

		As at 31 - 03 - 2014	As at 31 - 03 - 2013
		₹	₹
Salaries and Bonus		1338154	1138425
Director Remuneration		600000	100000
<b>TOTAL</b>		<b>1938154</b>	<b>1238425</b>

### NOTE 15 : FINANCE COSTS

		As at 31 - 03 - 2014	As at 31 - 03 - 2013
		₹	₹
Interest Expense			
	a. To Banks	871063	1138465
	b. To Others	20052577	0
<b>TOTAL</b>		<b>20923640</b>	<b>1138465</b>

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 16 : OTHER EXPENSES

	As at 31 - 03 - 2014	As at 31 - 03 - 2013
	₹	₹
Advertisement Expenses	71431	85294
Advisory Charges	9363	107033
Auditors Remuneration	30000	27500
Bad Debts / Kasar	0	1206
Bank Charges	2844	6623
Computer Maintainance Exp.	15362	0
Demat & Depository (Registrar) Charges	45336	53103
Director's Sitting Fees	80000	105000
Electricity	60000	60000
Lease Rent	67416	67416
Legal & Professional Fees	143201	129922
Legal & Stamp Charges	42718	172902
Listing Fees	153259	148878
ROC Filing Fees	1527	5616
Office & General Expenses	7295	1650
Other Interest (Paid for late Payment of Statutory Dues)	0	767
Postage & Courier Charges	13039	63001
Preliminary Exps. W/Off	170172	170172
Printing & Stationary Expenses	122405	62338
Professional Tax	2000	4000
Xerox & Maintenance Expenses	17733	20261
<b>TOTAL</b>	<b>1055102</b>	<b>1292682</b>
<b>NOTE :</b>		
	As at 31 - 03 - 2014	As at 31 - 03 - 2013
	₹	₹
Payments to the Auditors Comprises :		
As Auditors - Statutory Audit	25000	22500
Taxation Matters	5000	5000
<b>TOTAL</b>	<b>30000</b>	<b>27500</b>

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 17 : NOTES ON ACCOUNTS

1. The Company prepares and presents its financial statements as per Schedule VI to the Companies Act, 1956, as applicable to it from time to time. The previous year's figures have been accordingly regrouped/reclassified to conform to the current year's classification
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 :

	2013 - 14	2012 - 13
	₹	₹
(a) Statutory&TaxAudit	25,000	22,500
(b) Taxation Matters	5,000	5,000
	<u>30,000</u>	<u>27,500</u>

4. In the opinion of the board, current assets, loans & advances are approximately of the value stated if realised in the ordinary course of business.
5. None of the employee has completed five years of service and hence liability of gratuity does not arise.
6. There are no dues to Micro, Small and Medium Enterprise as at 31<sup>st</sup> March, 2013. 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 :

	31.03.2014	31.03.2013
[A] Profit/(Loss) after Tax	16031523	10647780
[B] Number of Equity Shares	10818000	6802003
*Earning per Share[A\B]	1.48	1.57
(Face Value of ` . 10/- Each)		

\*adjusted for bonus/preferential issue

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.

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ )

PARTICULARS	As on 31-03-2014	As on 31-03-2013
A. Deferred tax Assets :		
Difference between Books & Tax Depreciation	NIL	NIL
B. Deferred Tax Liabilities		
Difference between Books & Tax Depreciation	7361	6050
<b>NET DEFERRED TAX CREDIT FOR YEAR</b>	<b>₹ 1311</b>	

9. Expenditure in Foreign Currency Nil Nil

10. Earning in Foreign Currency Nil Nil

### 11. Segment Reporting

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

### 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. 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

a) List of Related Parties and Relationships :

Holding Company :

KIFS Securities Ltd.

Associate Companies :

Aristo Traders Pvt. Ltd.

Khandwala Enterprise Pvt. Ltd.

Khandwala Fincap Pvt. Ltd.

Key Managerial Personnel :

Rajesh P. Khandwala

Relatives of Key Managerial Personnel :

Jayesh P. Khandwala

Vimal P. Khandwala

Minaxi P. Khandwala

Kinnaary J. Khandwala

Sonal R. Khandwala

Priyanka V. Khandwala

# KIFS FINANCIAL SERVICES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### b) Related Party Transactions and Balances :

( ₹ in Lac)

Transactions	Holding / Associate Companies	Key Managerial Personnel	Relative of Key Managerial Personnel	Total
Inter Corporate Loan Received (Max Balance During Year)	2896.27	1080	–	3976.27
Inter Corporate Loan Given (Max Balance During Year)	4377.43	–	–	4377.43
Interest Recd on Deposits	220.72	–	–	220.72
Interest Paid on Loans	185.65	14.87	–	200.52
Reimbursement of Expenses	1.27	–	–	1.27
Debit Balance outstanding as on 31 - 03 - 2014	307.83	–	–	307.83
Credit Balance outstanding as on 31 - 03 - 2014	0.00	–	–	0.00
Demat Charges	0.04	–	--	0.04

As per our report of even date  
For, Shailesh C. Parikh & Co.  
Chartered Accountants

S/d.  
Shailesh C. Parikh (Proprietor)

Place : Ahmedabad  
Date : 27 - 05 - 2014

For, KIFS Financial Services Ltd.

S/d                      S/d                      S/d  
(Managing Director)    (Director)            (Company Secretary)

S/d  
(Chief Financial Officer)

Place : Ahmedabad                      Date : 27 - 05 - 2014



# KIFS FINANCIAL SERVICES LIMITED

## ATTENDANCE SLIP

Please fill attendance slip and hand it over at the entrance of the meeting venue. Joint shareholders may obtain additional Attendance slip at the venue of the meeting.

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

NAME AND ADDRESS OF REGISTERED SHAREHOLDERS :

.....  
.....  
.....

I hereby record my presence at the 19<sup>th</sup> Annual General Meeting of the company held on Saturday, 6<sup>th</sup> day of September, 2014 at 2:00 p.m. 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.
3. Physical copy of the Annual Report for 2013-14 and Notice of the AGM along with the attendance slip and proxy form is sent in the permitted mode(s) to all the members.

The Electronic voting particulars are set out below :

<b>EVEN E-Voting Event Number</b>	<b>USER ID</b>	<b>PASSWORD</b>

Please refer Notice for instructions on e-voting.

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

<b>Commencement of E-voting</b>	Monday, 1 <sup>th</sup> September, 2014 (from 9:00 a.m.)
<b>End of E-voting</b>	Tuesday, 2 <sup>nd</sup> September, 2014 (up to 6:00 p.m.)

\* Applicable for Members holding shares in electronic form.

\*\* Applicable for Members holding shares in physical form.

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

Regd. Office : B - 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad - 380 006. Web.: [www.kifsfinance.com](http://www.kifsfinance.com);

E-mail : [cs@kifs.co.in](mailto:cs@kifs.co.in); Tel : 079 - 30000320 - 327; Fax : 07926403717; CIN : L67990GJ1995PLC025234





# KIFS FINANCIAL SERVICES LIMITED

## PROXY FORM

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

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No. / Client ID	
DP ID	

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

- Name : ..... Address : .....  
E-mail Id : ..... Signature : .....or failing him/ her
- Name : ..... Address : .....  
E-mail Id : ..... Signature : .....or failing him/ her
- 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 19<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, 6<sup>th</sup> day of September, 2014 at 2:00 p.m. 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 :

Resolution No.	Resolutions
<b>Ordinary Business :</b>	
1.	To receive, consider and adopt the financial statement of the Company for the year ended on 31 <sup>th</sup> March, 2014,
2.	To declare the final dividend
3.	To appoint a director in place of Mr. Rajesh P. Khandwala, who retires by rotation and being eligible offers himself for re-appointment.
4.	To re-appoint Statutory Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of third consecutive AGM and to fix their remuneration
<b>Special Business :</b>	
5.	To Appoint Mr. Dharmendra N. Soni as Independent Director.
6.	To Appoint Mr. Devang M. Shah as Independent Director.
7.	To Appoint Mrs. Sonal R. Khandwala as Director liable to retire by rotation.

Signed this ..... day of ....., 2014

Affix  
Revenue  
Stamp

.....  
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.**

Regd. Office : B - 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad - 380 006. Web.: www.kifsfinance.com;  
E-mail : cs@kifs.co.in; Tel : 079 - 30000320 - 327; Fax : 07926403717; CIN : L67990GJ1995PLC025234